Par. 8.2.1.1.52
830

Friday,
8th September, 1955

PARLIAMENTARY DEBATES

HOUSE OF THE PEOPLE

OFFICIAL REPORT

PARLIAMENT SECRETARIAT
NEW DELHI

Price Six Annas (Inland)
Price Two Shillings (Foreign)

CONTENTS

(Vol. V, Nos. 21 to 40, dated 22nd August to 16th September, 1955)

MONDAY, 22ND AUGUST, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 977, 978, 981, 983, 984, 986, 988 to 992, 9944 to 996, 999 to 1001, 1003, 1004, 1008 to 1010, 985, 1005 and 1007. . . . . 3931—60

Short Notice Question No. 7. . . 3960—63

Written Answers to Questions—

Starred Questions Nos. 976, 979, 980, 982, 987, 993, 997, 998, 1002 and 1006. . . . . 3963—68

Unstarred Questions Nos. 514 to 534. . . . . 3968—76

TUESDAY, 23RD AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1013, 1015, 1017, 1019 to 1021, 1024 to 1028, 1030, 1031, 1032, 1034 to 1036, 1038, 1041 to 1046, 1048, 1049 1053 and 1054 to 1056. . . . . 3977—4007

Written Answers to Questions—

Starred Question s Nos. 1011, 1012, 1014, 1016, 1018, 1022, 1023, 1029, 1033, 1037, 1039, 1040, 1047, 1050, 1051, 1052 and 1057 to 1064. . . . . 4007—16

Unstarred Questions Nos. 535 to 563. . . . 4016—28

WEDNESDAY, 24TH AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1065, 1066, 1068 to 1072, 1074, 1075, 1079, 1081, 1083, 1085, 1089 to 1091, 1093 to 1095, 1098 to 1100, 1102 to 1106 and 1108. . . . . 4029—62

Written Answers to Questions—

Starred Questions Nos. 1067, 1073, 1076 to 1078, 1080, 1082, 1084, 108 1088, 1092, 1096, 1097, 1101, 1107 and 1109 to 1123. 4062—74

Unstarred Questions Nos. 564 to 584 and 586 to 604. . 4074—94

THURSDAY, 25TH AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1124, 1125, 1129, 1131, 1132, 1135, 1137 to 1139, 1141, 1145 to 1147, 1149, 1150, 1152, 1154 to 1156, 1158, 1133, 1126, 1148, 1144, 1153 and 1157. . . . . 4095—4123

Short Notice Question No. 8. . 4124—25

Written Answers to Questions—

Starred Questions Nos. 1127, 1128, 1130, 1134, 1136, 1140, 1142, 1143 and 1151. . . . . 4125—28

Unstarred Questions Nos. 605 to 618. . . . 4128—34

FRIDAY, 26TH AUGUST 1955— COLUMNS

Oral Answer to Question—

Starred Questions Nos. 1159 to 1161, 1164, 1167, 1168, 1170, 1171, 1173, 1175, 1178, 1181, 1184, 1185, 1189, 1190, 1194, 1195 and 1196. . . . . 4135—64

Correction of Answer to S.Q. 1164. 4161

Written Answers to Questions—

Starred Questions Nos. 1162, 1163, 1165, 1166, 1169, 1172, 1174, 1176, 177, 1179, 1180, 1182, 1183, 1186 to 1188, 1191 to 1193, and 1197 to 1203. . . . . 4165—75

Unstarred Questions Nos. 619 to 636. . . . . 4175—82

TUESDAY, 30TH AUGUST, 1955—

Oral Answers to Qusetions—

Sarted Questions Nos. 1204 to 1206, 1211, 1212, 1214 to 1216, 1221, 1224 1228, 1231, 1232, 1234 to 1239 and 1241. . . . . 4183—4214

Written Answers to Questions—

Started Questions Nos. 1207 to 1210, 1213, 1217 to 1220, 1222, 1223, 1229, 1230, 1233, 1240, and 1242 to 1254. . . . . . 4214—25

Started Questions Nos. 637 to 668. . . . . . 4225—40

WEDNESDAY, 31ST AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1255, 1256, 1258, 1262 to 1264, 1266, 1268 to 1270, 1272, 1274 to 1277, 1279 to 1283, 1288 to 1920, 1292, 1293, 1295 to 1299, 1301, and 1302. . . . . . 4241—71

Written Answers to Questions—

Starred Questions Nos. 1257, 1259 to 1261, 1265, 1267, 1271, 1273, 1278, 1284 to 1287, 1291, 1294 and 1300. . . . . 4271—76

Unstarred Questions Nos. 669 to 679. . . 4276—80

THURSDAY, 1ST SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1303, 1306, 1307, 1309, 1310 to 1312, 1315, 1317, 1318, 1320, 1322 to 1324, 1326 to 1330, 1341, 1331, 1333, 1335 to 1337, 1340 and 1342. . . . . 4281—4310

Written Answers to Questions—

Starred Questions Nos. 1304, 1305, 1308, 1313, 1314, 1316, 1319, 1321, 1325, 1334, 1338, 1339 and 1343 to 1345. . . 4311—16

Starred Questions Nos. 680 to 701. . . 4316—24

FRIDAY, 2ND SEPTEMBER 1955

Oral Answers to Questions—

Starred Questions Nos. 1346 to 1355, 1359 to 1362, 1364, 1365, 1367 to 1374, 1376, 1378 to 1383 and 1386 . . . . . . 4325—57

Short Notice Question No. 9. 4357

Written Answers to Questions—

Starred Questions Nos. 1356 to 1358, 1363, 1366, 1377, 1384, 1385, 1387 to 1391 4358—62

Unstarred Question Nos. 702 to 740 . . . 4363—80

SATURDAY, 3rd SEPTEMBER, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 1394, 1403, 1395 to 1397, 1399, 1400, 1404 to 1407, 1409, 1410, 1413, 1414, 1416, 1418, 1419, 1423, 1424, 1425 to 1428, 1430, 1392 and 1412. . . . . 4381—4409

Written Answers to Questions—

Starred Questions No. 1398, 1391, 1401, 1402, 1408, 1411, 1415, 1421, 1422, 1425, 1429 and 1431. 4409—14

Unstarred Questions Nos. 741 to 753. . 4414—18

MONDAY, 5TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1433, 1436, 1437, 1440, 1441, 1443, 1444, 1447, 1448, 1450 to 1453, 1455, 1456, 1458, 1459, 1461, 1464, 1438, 1446 and 1449. . . . 4419—42

Written Answers to Questions—

Starred Questions Nos. 1432, 1434, 1435, 1439, 1442, 1445, 1454, 1457, 1460, 1462, 1463 and 1465. . . . . 4442—46

Unstarred Questions Nos. 754 to 780. 4442—58

TUESDAY, 6TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1466, 1467, 1469 to 1471, 1474 to 1481, 1485, 1486, 1488 to 1494, 1496, 1498 to 1500, 1502, 1503 and 1505 to 1507. . . . . . 4459—92

Written Answers to Questions—

Starred Questions Nos. 1468, 1472, 1473, 1482, 1483, 1484, 1487, 1495, 1497, 1501, 1504 and 1508 to 1515. . . . . 4492—99

Unstarred Questions Nos. 781 to 810, 812 and 813 4499—4514

WEDNESDAY, 7TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1516 to 1522, 1524 to 1527, 1547, 1528 to 1533, 1536, 1537 and 1539 to 1545 . . . . 4515—45

Written Answers to Questions—

Starred Questions Nos. 1523, 1534, 1535, 1538, 1546 and 1548 to 1554. 4546—49

Unstarred Questions Nos. 814 to 823 . . . . . . 4549—56

THURSDAY, 8TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1555, 1556, 1558 to 1560, 1562 to 1566, 1568, 1570, 1571, 1573 to 1576, 1578 to 1583, 1585, 1587 to 1589, 1591 and 1592 4557—90

Written Answers to Questions—

Starred Questions Nos. 1557, 1561, 1567, 1569, 1572 1577, 1584, 1586, 1590 and 1594 to 1596. . . . . 4590—95

Unstarred Questions Nos. 824 to 841. 4595—4604

FRIDAY, 9TH SEPTEMBER, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 1597, 1598, 1600 to 1606, 1610 to 1613, 1615, 1620, 1622 to 1625, 1627 to 1630, 1632 to 1639 and 1641. 4605—38

Written Answers to Questions—

Starred Questions Nos. 1599, 1607 to 1609, 1614, 1616, 1618, 1619, 1621, 1626, 1631, 1640 and 1642 to 1653. . . . 4638—48
Unstarred Questions Nos. 842 to 874. 4648—64

MONDAY, 12TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1654 to 1657, 1661, 1663, 1666, 1667, 1669, 1671, 1673, 1675, 1677 to 1680, 1682, 1684, 1685, 1668 and 1659. 4665--88

Written Answers to Questions—

Starred Questions Nos. 1658, 1660, 1662, 1664, 1665, 1670, 1672, 1674, 1676, 1681, 1683 and 1886 to 1688. 4689—94
Unstarred Questions Nos. 875 to 884. 4694—98

TUESDAY, 13th SEPTEMBER, 1955—

Written Answers to Questions —

Starred Questions Nos. 1689 to 1718 . . . . . . 4699—4710
Unstarred Questions Nos. 885 to 902 , 904 and 905 . . . . 4711—22

WEDNESDAY, 14TH SEPTEMBER, 1955—

Written Answers to Questions—

Starred Questions Nos. 1719 to 1787 . . . . 4723—55
Unstarred Questions Nos. 906 to 941 . . . . 4755—70

THURSDAY, 15TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1790 to 1792, 1794 to 1801, 1803 to 1811, 1813 to1816, 1819 to 1821 and 1788 . . . . 4771—4800

Written Answers to Questions—

Starred Questions Nos. 1789, 1793, 1802, 1812, 1817 and 1818. . . 4800—02
Unstarred Questions Nos. 942 to 953. . . . . 4802—08

FRIDAY, 16TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1822, 1824 to 1826, 1828, 1829, 1831, 1832,1834, 1835, 1837, 1838, 1840, 1841, 1843 to 1853, 1855 and 1857 to 1860 . . 4809—40

Written Answers to Questions—

Starred Questions Nos. 1823, 1827, 1830, 1833, 1836, 1839, 1842, 1854, 1856 and 1861 to 1867 . . . . 4840—46
Unstarred Questions Nos. 954 to 976 and 978 to 991 . . . . . 4846—62
INDEX . . . . 1—161

Acc. No. 2546
Dated 11.02.

LOK SABHA

Thursday, 8th September 1955.

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

ORAL ANSWERS TO QUESTIONS

Commercial Show Rooms

***1555. Shri Radha Raman :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that commercial show-rooms have been set up at Rangoon, Djakarta and Tehran for the promotion of India's export trade; and

(b) if so, whether Government propose to establish in the near future such show-rooms at other places as well?

The Minister of Commerce (Shri Karmarkar): (a) Show room at Djakarta has already been set up The question of setting up show rooms at Rangoon and Tehran is still under consideration.

(b) Yes, Sir.

Shri Radha Raman : May I know whether the opening of these show-rooms is according to some scheme of Government or on an *ad hoc* basis and whether, besides these show-rooms, there exist similar show rooms in any other places and if so, at which places?

Shri Karmarkar : It is both on an *ad hoc* basis and on an organised basis in the sense that we take decisions as suitability arises. In fact, the hon. Member will have noted that we have already started in our specially acquired premises something like five show-rooms apart from others. We would like to develop such show-rooms as suitability arises and as funds become available.

Shri Radha Raman : May I know whether as a result of the opening of show-rooms there has been any perceptible improvement or expansion of our market in those places?

Shri Karmarkar : There is increasing interest in Indian goods but it is too early to say about the effect of it, because it is difficult to say that the export of a particular product is due to the opening of these show-rooms. But there is increasing interest displayed in our show-rooms.

Shrimati Ila Palchoudhury : May I know whether there has been any study as to the likes and dislikes about consumer goods in those countries so that suitable types of goods could be shown in those show-rooms?

Shri Karmarkar : Yes, precisely. We show the types of goods that we have and that they like.

Shri S. N. Das : May I know the recurring and nor-recurring expenditure involved in opening one show-room?

Shri Karmarkar : It depends on the fact whether the show-room is big or small, but in either case I should like to have notice.

Shri Radha Raman : May I know whether in these show-rooms there is some principle followed in regard to the recruitment of local talent and persons going from this country?

Shri Karmarkar : 'Local' means Indian talent?

Shri Radha Raman : 'Local' means the people of that country.

Shri Karmarkar : I am not sure how far we have employed local talent from the respective countries, but I should prefer to think that our people will do much better because our people know better about our things.

Watches

***1556. Shri D. C. Sharma :** Will the Minister of **Commerce and Industry** be pleased to state the number of watches manufactured in India during the year 1954-55?

The Minister of Industries (Shri Kanungo): Watches are not manufactured in India.

Shri D. C. Sharma : May I know the value of the imported watches in 1954-55; and the countries from which they were imported?

Shri Kanungo : I have got the value here, and it is Rs. 18,10,035, but I cannot tell you the break up by countries from which they are imported.

Shri D. C. Sharma : May I know if the Government has any scheme under contemplation to manufacture swadeshi watches in this country, and if so, has this problem been studied at any level?

Shri Kanungo : They have no intention now.

Shri D. C. Sharma : May I know the reasons which prevent our Government from thinking that India can manufacture watches?

The Minister of Commerce and Industry and Iron and Steel (Shri T.T. Krishnamachari): There are no reasons to prevent the Government from thinking in the manner suggested.

Shri Punnoose : In view of the fact that watches are not manufactured in India, may I know the duties imposed on imported foreign watches?

Shri Kanungo : I want notice.

Shri Heda : In view of the fact that certain dealers, even in Delhi, say that they are manufacturers of watches, may I know at least if there are people here who assemble these parts?

Shri T. T. Krishnamachari : We have manufacturers of clocks, but I am not aware of any manufacturers of watches here. If they put up on their show-board that they are manufacturers of watches, it is a misleading information.

निष्कांत बालकों का पालन-पोषण

*१५५८. **श्री कृष्णाचार्य जोशी :** क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि:

(क) बर्मा, मलाया और अन्य स्थानों से स्वदेश भेजे गये ऐसे बालकों के पालन-पोषण की योजना पर, जिन के पिता द्वितीय विश्व युद्ध के दौरान में भारत आते समय मर गये थे, वर्ष १९५४ में कितनी राशि व्यय की गई; और

(ख) ऐसे बावकों की संख्या क्या है ?

वैदेशिक कार्य मंत्री के सभासचिव (श्री सादत अली खां): (क) १९५४ में शरणार्थी यतीमों के पालन-पोषण पर ५२,९६७ रुपये खर्च किये गये ।

(ख) १९५४ में मद्रास, आंध्र, उत्तर प्रदेश, पश्चिमी बंगाल और मैसूर राज्यों में पाले गये यतीम बच्चों की संख्या १२८ थी ।

Shri Krishnacharya Joshi : May I know whether the State Governments contribute to this scheme, and if so, what is their contribution?

Shri Sadath Ali Khan : It is on a fifty-fifty basis.

Shri Krishnacharya Joshi : May I know whether the responsibilty of maintaining these children rests with the Central Government or the State Governments?

Shri Sadath Ali Khan : It is a State Government responsibility.

Dr. Suresh Chandra : May I know the number of children who have been repatriated of the Indian evacuees from the western countries, Europe and America?

Shri Sadath Ali Khan : I shall require notice for that as I do not have the information now.

Khadi Hundis

*1559. **Shri Jhulan Sinha :** Will the Minister of **Production** be pleased to refer to the reply given to unstarred question No. 1090 on the 27th April, 1955 and state the value of the unsold Khadi Hundis returned by the post offices to the All-India Khadi and Village Industries Board during 1954-55?

The Parliamentary Secretary to the Minister of Production (Shri R. G. Dubey): Khadi Hundis, of varying denominations, worth Rs. 95,50,000 were supplied for sale to 12 postal Stock Depots in the country. So far, accounts have been received from 10 depots only. Out of hundis worth Rs. 78,91,000 supplied these ten depots, hundis worth Rs. 78,56,302 are still lying unsold with them.

The remaining two depots are being expedited to supply the requisite information.

Shri Jhulan Sinha : May I know if any commission was granted for the sale of these Hundis?

Shri R.G. Dubey : I do not think so.

Dr. Suresh Chandra : May I know the total value of khadi sold during 1954-55.

Shri R.G. Dubey : The total value of khadi hundis sold during 1954-55 was Rs. 67,52,743.

नैपाल

*१५६०. **श्री विभूति मिश्र** : क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि क्या वह सच है कि उन भारतीयों द्वारा जो नैपाल की तराई में अपनी भूमि पर खती करते हैं, १९५५ में नैपाल से भारत को खाद्यान्न निर्यात किये जाने पर नैपाल सरकार नें रोक लगा दी है ?

वैदेशिक कार्य मंत्री के सभासचिव (श्री सादत अली खां) जी नहीं ।

श्री विभूति मिश्र : क्या सरकार को पता नहीं है कि इस साल अगहन के महीने में जो धान भारतीय किसानों का नेपाल की सीमा में हुआ था उस को भारत में लानें पर सरकार ने बन्दी लगा दी है ?

श्री सादत अली खां : आये दिन इस किस्म की बातें होती हैं । कभी रोकथाम की जाती है, कभी उठा ली जाती है । बाज दफा जब मौसमी खराबी होती है तो रोक लगा दी जाती है वर्ना आम तौर पर आमदोरफ्त जारी रहती है ।

श्री विभूति मिश्र : क्या सरकार को पता है कि कुछ साल तक नैपाल सरकार १० आना मन ले कर और गत दो सालों में आठ आना मन ले कर जिन भारतीयों के खेत नैपाल राज्य की सीमा में हैं उन को अपना धान भारत ले आने देती थी । लेकिन इस साल नैपाल सरकार ने इस को एक दम बन्द कर दिया है जिस की वजह से जो भारतवासी किसान उधर खेती करते हैं अपना धान यहां नहीं ला सकते और इस कारण उन के परिवार महान कष्ट उठा रहे हैं । क्या सरकार इस विषय में कुछ सहायता करेगी ?

श्री सादत अली खां: जहां तक हमें मालूम है इस किस्म की रोकथाम हिन्दुस्तानी काश्तकारों के खिलाफ नैपाल सरकार ने नहीं की है । लेकिन जैसा मेरे दोस्त ने अभी बयान किया अगर ऐसी बात है तो हम उस को दरियाफ्त करेंगे और उस पर कुछ कार्यवाही करेंगे ।

अतिरिक्त स्टोर का उत्सर्जन (डिस्पोजल)

*१५६२. **श्री भक्त दर्शन : क्या निर्माण आवास और संभरण** मंत्री यह बताने की कृपा करेंगे कि :

(क) द्वितीय विश्व युद्ध के बाद सप्लाई और डिस्पोजल के डायरेक्टर जनरल की सहायता से कितने मूल्य का अतिरिक्त सैनिक सामान डिस्पोज किया गया;

(ख) कितने मूल्य का अतिरिक्त सैनिक सामान अभी तक डिस्पोज नहीं हुआ है; और

(ग) उन को शीघ्र डिस्पोज करने की क्या कार्यवाही की जा रही है ?

निर्माण आवास और संभरण मंत्री (सरदार स्वर्ण सिंह) : (क) १ अगस्त १९४५ से ३० जून १९५५ तक ४३८ करोड़ रुपये के फालतू सैनिक सामान का निबटारा किया गया ।

(ख) १-७-५५ को लगभग ३० करोड़ रुपये की लिखित मूल्य (Book value) के सामान का निबटारा करना बाकी था । इस में से बहुत सा सामान पिछले साल ही फालतू बतलाया गया था ।

(ग) फालतू सामान के निबटारे का काम बराबर चलता रहता है जिस पर लगातार ध्यान रक्खा जाता है और जल्दी निबटारा करने के लिये जरूरी कार्यवाही की जाती है ।

श्री भक्त दर्शन : क्या माननीय मंत्री उन कारणों पर भी प्रकाश डालने की कृपा करेंगे कि आज दस वर्ष बीत जाने पर भी

इतना अधिक कीमती सामान बिना बिका हुआ पड़ा है, इस का क्या कारण है ?

सरदार स्वर्ण सिंह : आनरेबुल मेम्बर ने मेरे जवाब के (ख) हिस्से की तरफ पूरी तवज्जह नहीं दी। मैं ने कहा कि जो सामान बाकी है, उस में बहुत सा सामान तो पिछले साल ही फालतू बतलाया गया था ।

श्री भक्त दर्शन : क्या गवर्नमेंट को इस आशय की शिकायतें मिली हैं कि डिस्पोजल के द्वारा कभी कभी ऐसा सामान भी नीलाम कर दिया गया है जो वास्तव में काम के लायक था, जैसे हवाई जहाज और राइफलों आदि का नीलाम किया गया,क्या इस प्रकार के आवश्यक सामान की नीलामी भी की रोकथाम के लिये कोई कार्यवाही की गई है ?

सरदार स्वर्ण सिंह: जो मिसालें आनरेबुल मैम्बर ने दी हैं, वह तो ठीक नहीं हैं। अलबत्ता ऐसा जरूर हुआ है कि कई दफा जो मुहकमे डिस्पोजल डिपार्टमेंट को अपने सामान के मुताल्लिक फालतू करार देते हैं, वह कई दफा ऐसी गलती कर जाते हैं कि जरूरी सामान को नीलाम नहीं होना चाहिये उस को फालतू करार देते हैं, जहां तक डिस्पोजल के मुहकमे का ताल्लुक है तो जिस वक्त उस के पास सामान आ जाय तो उस को तो उस समान को किसी न किसी के हाथ बेचना ही है और पहले डिस्पोजल डिपार्टमेंट गवर्नमेंट के दीगर डिपार्टमेंट्स को उस सामान के बारे में लिख देता है कि अगर उन में से किसी को उस में दिलचस्पी हो तो वह उस को ले सकते हैं ।

Shri V.P. Nayar : May I know whether it is a fact that inspite of articles available from surplus military stores indents passed on to the DGSD are usually found to have inordinate delay and may I also know what are the concrete steps that Government take to prevent such inordinate delays which are detrimental to the other Government departments ?

Sardar Swaran Singh : Is it the disposals side? I am under the impression that the hon. Member is asking about the supplies side.

Shri V. P. Nayar : Supplies from the disposals.

Sardar Swaran Singh : There is no such thing as supplies from disposals. Once an article is declared by any department as surplus it comes to the disposals organisation. If the declaring department had committed a mistake or if any other department shows any interest then they can demand that that stock may be passed on to them and in such cases they are given at a concessional rate.

Mahe

*1563. **Shri A.K. Gopalan** : Will the **Prime Minister** be pleased to state :

(a) whether is it a fact that no specific agrarian laws are in force at present in Mahe (the Former French Possession in Malabar); and

(b) if so, whether Government propose to apply the Malabar Tenancy Act to this area, after the *de jure* transfer of power ?

The Deputy Minister of External Affairs (Shri Anil K. Chanda): (a) Yes.

(b) The application of the Malabar Tenancy Act to Mahe can only be considered after *de jure* transfer. Since *de facto* transfer, however, the spirit of this Act is being implemented in Mahe also. A suitable directive against the eviction of tenants has been issued by the Pondicherry Government.

Shri A. K. Gopalan : May I know when this *de jure* transfer of power will take place ?

Shri Anil K. Chanda : I am afraid I am not in a position to say that; but we are trying to expedite it as far as possibe.

Dr. Suresh Chandra : May I know whether it is a fact that there is a serious hitch in the negotiations between France and India with regard to the *de jure* transfer and that it will not take place for two or three years to come.

Shri Anil K. Chanda : I am not aware of it.

Shri A. K. Gopalan : What is the cause of the delay in the *de jure* transfer ?

Shri Anil K. Chanda : There is no particular delay. It is a very complex matter which involves a lot of rules and regulations and their close examination and certain financial settlements and such other things. It will take a little time.

Shri A. K. Gopalan : May I know whether the present Pondicherry Assembly

has got any legislative authority as far as agrarian reforms and other things are concerned ?

Mr. Speaker : The question was previously answered, I suppose.

Handloom Products

*1564. **Shri S. C. Samanta** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that the production of handloom cloth in the country has increased this year while export thereof has decreased as compared to the previous years;

(b) if so, the volume of production and export since 1951; and

(c) whether it is also a fact that the East Asian countries prefer Indian cotton yarns to handloom cloth ?

The Minister of Industries (Shri Kanungo) : (a) and. (b) A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 58].

(c) No specific enquiries have been received so far in this respect.

Shri S. C. Samanta : May I know why the export decreased in 1954 ?

Shri Kanungo : There is to be fluctuation in trade always and the decrease is not significant.

Shri S. C. Samanta : May I know whether Government is attempting to increase the exports by any method; for instance appointment of marketing officers, establishing emporia, etc ?

Shri Kanungo : Yes, Sir. Steps are being taken to appoint marketing officers and opening emporia.

Shri S. C. Samanta : May I know whether any yarn has been exported in these two years ?

Shri Kanungo : Yarn is being exported.

Shri N. B. Chowdhury : May I know whether Government is contemplating to impose further restrictions on the quantity of production of mill-made cloth in order to help handloom cloth ?

Shri Kanungo : Not necessarily. The imposition of restrictions on mill cloth may not necessarily result in an increase in handmade cloth export.

Untouchability

*1565. **Shri Gidwani** : Will the Minister of **Information and Broadcasting** be pleased to state :

(a) whether A.I.R. has formulated any scheme for educating the backward classes; and

(b) if so, the details thereof?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) and (b) Excepting as part of its general programmes and especially of the rural and educational programmes, All India Radio cannot at present formulate any special scheme for educating the backward classes. If, however, listening facilities are specially made available to such classes in specified places, a scheme could be formulated.

I may add that in the next Five Year Plan, there is a proposal to have one or two important regions where there will be a large number of backward class people and to make special broadcasting facilities available.

Shri Gidwani : My question related to untouchability also. I want to know whether there is any programme for the propaganda for the removal of untouchability ?

Mr. Speaker : I might just say to the hon. Member that the heading is not necessarily part of the question. Has he to put any other question ?

Shri Gidwani : No.

Government Accommodation

*1566. **Dr. Satyawadi** : Will the Minister of **Works, Housing and Supply** be pleased to state :

(a) the number of officials of the Estate Office, who have been allotted Government accommodation;

(b) whether it is a fact that reports of subletting of these quarters, without permission of the Estate Officer, have been received;

(c) wherher it is a fact that these reports have been held as genuine by the Departmental Enquiry Committees appointed for the purpose from time to time; and

(d) if so, what action has been taken against the persons concerned?

The Minister of Works, Housing and Supply (Sardar Swaran Singh) : (a) 165.

(b) Yes, Sir. There were three reports during the last five years.

(c) Two of these reports were found to be correct. The third report could not be investigated as the official (a peon) had surrendered his quarter and vacated it before an enquiry could be started.

(d) The two officials found guilty of unauthorised subletting were deprived of their quarters and declared ineligible for allotment of Government accommodation for a period of five years. They were also charged penalrrent for the period the quarters were sublet.

डा० सत्यवादी : क्या ऐसी और भी कोई शिकायतें जेरे तहकीकात हैं और अगर हैं तो कितनी ?

सरदार स्वर्णसिंह : एस्टेट आफिस के मुलाजिमों के मुताल्लिक यह सवाल था, वैसे तो हजारहा मुलाजिम हैं देहली में और उन के मुताल्लिक कोई इस तरह से तफसील से कहना बहुत मुश्किल है ।

डा० सत्यवादी : उसी एस्टेट आफिस के मुताल्लिक मैं ने अर्ज किया । उन के बारे में क्या और भी कोई शिकायतें जेरे तहकीकात हैं ?

सरदार स्वर्ण सिंह । मुझे तो इस के अलावा और के बारे में पता नहीं है । यह सवाल आया था और इस के मुताल्लिक दरियाफ्त किया और यह फीगर्स उन्हों ने दिये हैं ।

Shri Punnoose : While taking very strict measures to prevent such sort of subletting, do Government consider it proper to punish the wives and children of these officers by refusing them Government accommodation?

Mr. Speaker : Order, order.

Shri Jaipal Singh : In regard to (b) we have been given the information about quarters being sublet without permission. May I know how many instances are there of quarters being let with permission?

Sardar Swaran Singh : There would be quite a few; but the number will run into thousands so far as Delhi is concerned.

Loans to Displaced Persons

***1568. Shri Biren Dutt** : Will the Minister of **Rehabilitation** be pleased to state:

(a) the changes, if any, made in the conditions of giving housing and business loans to displaced persons in Agartala and other towns of Tripura; and

(b) the reasons for such changes?

The Minister of Rehabilitation (Shri Mehr Chand Khanna) : (a) None.

(b) Does not arise.

Shri Biren Dutt : May I know whether any complaint has been received by the Government that for the last one year not a single application of the refugees in Agartala for housing loan has been disposed of because there is a change in the rule?

Shri Mehr Chand Khanna: I have no such information but if the hon. Member will give notice of it, I shall enquire and look into it.

Rourkela and Bhilai Townships

***1570. Dr. Ram Subhag Singh** : Will the Minister of **Iron and Steel** be pleased to state :

(a) whether the housing plans for the townships of the steel plants at Rourkela and Bhilai have been prepared;

(b) whether those plans will be scrutinised by any expert body; and

(c) the estimated costs of building these townships?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) and (b). A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 59].

(c) This will be known only when the plans are finalised.

Dr. Ram Subhag Singh : If the Plans are not yet finalised and as mentioned in the statement the work has been started on one section of the Rourkela Plant, may I know on what basis this work has been started if the estimates and plans are not yet prepared?

Shri T. T. Krishnamachari: As a matter of fact, if the township is to be divided into sectors we will take up one sector. We cannot naturally give the cost of the whole township. That is what I thought. If my hon. friend wanted the cost of the particular sector where the work has been taken on hand, I shall furnish him the answer.

Dr. Ram Subhag Singh : What is the expenditure that is going to be incurred on that particular sector?

Shri T. T. Krishnamachari : May be in the region of something less than a crore of rupees.

Shri Jaipal Singh : Are the housing plans for Rourkela and Bhilai in the hands of the same concern or the same body of architects and are they Indian architects or foreign architects?

Shri T. T. Krishnamachari : So far as Rourkela is concerned I do not think they are in the hands of foreign architects. So far as Bhilai is concerned it has yet to be decided whether we are going to use the same architects or some body else.

Shri M. L. Dwivedi : At what stage is the work at present?

Shri T. T. Krishnamachari : The houses are rising.

Yemmiganur Co-operative Weavers Production and Sale Society

*1571. **Shri Gadilingana Gowd** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the amount of grants and loans sanctioned up to-date out of the Handloom Cess Fund to the Yemmiganur Co-operative Weavers Production and Sale Society for the various schemes; and

(b) the basis on which the grants and housing subsidies are paid to Weavers' colonies run by the Society?

The Minister of Industries (Shri Kanungo) : (a) No loan has been sanctioned to the Society. A subsidy of Rs. 50,625/- has been given for the Society's Housing colony.

(b) Subsidy for the housing colony scheme of the Society is given on the basis of 25% of a ceiling of Rs. 5,000 per house.

Shri Gadilingana Gowd : May I know if it is the policy of the Government to grant these subsidies to houses constructed about 7 or 8 years ago; if so, will the Government consider giving such subsidies to all other weavers in the country?

Shri Kanungo : The problem is with regard to housing projects by co-operative societies. If there are any co-operative societies which have started housing schemes that will be considered on merits.

Shri Kamath : Has the handloom industry started looking up since the senior Minister publicly announced some time ago that he had become a complete convert to the philosophy of the handloom?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Sir, my hon. friend has a very fertile imagination. I should like him to exercise it a bit.

Textile Mills in Pondicherry

*1573. **Shrimati Renu Chakravartty**: Will the **Prime Minister** be pleased to state:

(a) the terms of the bi-partite agreement between labour and management signed on the 24th April, 1955 in the presence of the Chief Commissioner and senior officers of the Textile Department of the Government of India for the reopening of the textile mills in Pondicherry; and

(b) how far these terms have been implemented ?

The Deputy Minister of External Affairs (Shri Anil K. Chanda) : (a) Copies of the Agreement are placed on the Table of the House. [*See* Appendix VIII, annexure No. 60].

(b) As far as the State Government is concerned it has fully implemented the terms of the Agreement. An Arbitration Committee with a senior Judge of the Government of Madras as Chairman and the Director of Textile Production of Bombay as Member have been appointed to settle all outstanding disputes between the management and labour.

Shrimati Renu Chakravartty : Since the question of pension was subject to this Arbitration Committee and since it was supposed to submit its report by the 31st August, may I know whether the disputes regarding pension have been amicably settled?

Shri Anil K. Chanda : The Committee had its first sitting on 24th August, 1955 and we expect them to give their award in the course of the next six to eight weeks.

Shrimati Renu Chakravartty : The maintenance of the employment at the present level is made subject to orders secured by the mills. In view of the fact that Pondicherry mills depended largely on the East African market of the French Empire, has the Government of India taken any responsibility for placing orders to prevent retrenchment the philosophy of which is embodied in that agreement?

Shri Anil K. Chanda : We have done our best to help the mills. We have permitted them to export yarn which is a concession not extended to any other mill in India. We have exempted them from excise tax on export of cloth and we have also placed a big Government order for over 6 lakhs yards of drill with this mill.

Shrimati Renu Chakravartty : Has the Government of India made any review if there is any bettering in the situation with regard to unemployment of workers and if there is any necessity either to continue to give unemployment benefits under the French laws and if not, then the lay-off benefits which are there according to the Indian laws?

Shri Anil K. Chanda : It goes without saying that we are doing our best to relieve distress among the unemployed workers.

The Minister of Commerce and Industry and Iron and Steel (Shri T.T. Krishnamachari) May I say, since this matter refers to textile mills I had an opportunity of looking into this matter. It is not possible for us to ask the factories to give the lay-off benefits according to Indian laws for the reason that the two mills, where there has been a certain amount of closure, have no funds at all. So far as one mill is concerned ——the Anglo-French mill, Rodier Mill that is called—— labour is now working very near to capacity. It is only with regard to the other two mills where there has been a certain amount of closing down. We are trying to do our very best to see that, at any rate, in the case of one mill it is reopened and the labour is absorbed once again.

Shrimati Renu Chakravartty : In view of the fact that it is not possible for us to give them the lay-off benefits as the Minister has just now said, what is the legal position, since we are told that the French laws must operate and that at least the unemployment benefits as given by French laws do continue to operate?

Shri T. T. Krishnamachari : The French laws are very clear that if the mills have any money available in the fund that is set apart for the purposes of providing unemployment benefits for the workers will have a claim. But, if there is no money nothing can, obviously, be done.

Printing Machinery

*1574. **Shrimati Ila Palchoudhury** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether Government have formulated any scheme for the manufacture of Printing Machinery in India;

(b) if so, the main features of the schemes; and

(c) the progress made so far in this direction?

The Minister of Industries (Shri Kanungo) : (a) to (c). Government themselves have not formulated any scheme for the manufacture of printing machinery in India but the question of developing this industry in the country is engaging their attention.

Shrimati Ila Palchoudhury : May I know, as Germany and particularly Prague is supposed to have the very best kinds of printing machinery, is there any scheme to send our technicians to Germany to learn the best methods of manufacture?

Shri Kanungo : Attempts are being made by 3 firms in India to manufacture various kinds of printing machines with a certain amount of success. In course of time if there are proposals for training our technicians elsewhere or to bring technicians from abroad, they will be considered.

Shri Joachim Alva : Has Government drawn up the preliminary data regarding printing machinery, namely, that there are a million workers engaged in printing presses in India and there are over a lakh of printing presses in India?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : I do not know about the figures which my hon. friend gives; they may be correct or may not be correct. But, the Government is engaged in studying the possibility of manufacuring printing machines and we do hope to finalise our plans in the course of a few months.

Shri M. L. Dwivedi : I want to know, wherever private enterprise is manufacturing printing machines how do Government ensure that they are according to the Standards and are working satisfactorily ?

Shri T. T. Krishnamachari : If the buyer is prepared to buy a sub-standard machine we have nothing to say about it; but if any manufacturer wants standards for the purpose we have the Indian Standards Institution which will lay down correct standards so as to enable the consumer to know what kind of a machine is good enough and whether it is according to the standard laid down by the Indian Standards Institution.

Shri M. L. Dwivedi : Which are the three firms that are manufacturing these machines?

Mr. Speaker : Order, order, I am not allowing further questions on this. We will go to the next question.

Central Silk Board

***1575. Shri Thimmaiah :** Will the Minister of **Production** be pleased to state:

(a) the number of officials and non-officials sent abroad in connection with the work of the Central Silk Board since the inception of the Board;

(b) the specific purpose for which these officials and non-officials were sent abroad; and

(c) the expenditure incurred in this connection by Government?

The Minister of Production (Shri K.C. Reddy) : (a) 19 officials to Japan.

(b) One for selecting, purchasing and shipping the improved raw silk reeling and Testing Machinery from Japan and eighteen others for the study of sericultural technique and organisations in Japan.

(c) Rs. 1·5 lakhs approximately.

Shri Thimmaiah : Some of the officials in the Silk Board have got their permanent lien in the other departments of the Government of India and they will have to go back to their departments after a fixed period of years of service. May I know what is the idea in sending such temporary officers abroad?

Shri K. C. Reddy : These officers have been recommended by the respective State Governments and the expenditure on the training of these is met by the State Governments and by the Silk Board. They are working in the respective State Governments, after their training is over.

Mr. Speaker : What he means is this: these are officers who have their permanent lien on some other posts in other departments not concerned with this.

The Minister of Commerce and Industrty and Iron and Steel (Shri T. Krishnamachari) : I might answer that question on behalf of my colleague because I have been handling the affairs of the Board till recently. It is true that we have recruited officers from other departments and they have their lien, but it does not necessarily mean that they will go back. Maybe when this Board is made permanent—the Government are not trying to make all the temporary officers permanent—most of those people will be confirmed. It is unlikely that they will like to go back. So, the question really is not very material at the moment because the possibility is that many of them would not go back.

Sale of Indian Literature in U.S.

***1576. Shri Kamath :** Will the **Prime Minister** be pleased to state:

(a) whether any restrictions have been imposed by the U.S.S.R. Government on the sale of Indian literature at railway and other book-stalls and shops in the Soviet Union; and

(b) if so, the nature of such restrictions?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) and (b). Information is being collected and will be laid on the Table of the House in due course.

Shri Kamath : Is it a fact that there was until very recently, and perhaps there still is, a virtual ban on the writings of Mahatma Gandhi and Netaji Subash Chandra Bose, because according to the Great Soviet Encyclopaedia, Gandhiji was a religious leader and a reactionary among the people and Netaji according to Soviet commentators and writers if not according to the same Encyclopaedia, was a fascist.

Shri Sadath Ali Khan : I would request the hon. Member to be a little patient until information is collected and laid on the Table of the House.

Shri Kamath : Is it a fact that some years ago—some three or four years ago ——the film *Tuka Bam* was banned in Moscow or in Praha or in other other Soviet block cities on the ground that it was mystic nonsense?

Shri Sadath Ali Khan : We have no information.

Mr. Speaker : I may request the hon. Member to realise that it is better if he does not give publicity to all kinds of names that foreigners give. It does not befit him in this Parliament. He may put only general questions.

Shri Kamath : May I put one more question—the last question?

While we are happy to learn that, according to a *Tass* Press release, significantly put out only this morning about the sale of Indian literature in the U.S.S.R., there is a growing demand for the Prime Minister's *Discovery of India*, is it a fact that suggestions have been made to him internally or externally that his allusions and references to the Communist Party of India might be revised or modified or toned down in the next edition of the book?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): If I may say so, the hon. Member indulges in an extraordinary flight of imagination. Not only has no such suggestion been made but this is the first time that I hear of such a thing from any possible kind of source.

Industrial Exhibition

*1578. **Shri V. P. Nayar**: Will the Minister of **Commerce and Industry** be pleased to refer to the reply given to Starred Question No. 641 on the 10th August, 1955 and state whether the Industrial Exhibition scheduled to be held in October, 1955 will have a section for exhibiting the developments in :

(*i*) Air Craft Industry; and

(*ii*) Automobile Industry?

The Minister of Commerce (Shri Karmarkar): Yes, Sir.

Shri V. P. Nayar: May I know which of the countries will be represented in this exhibition in respect of aviation industry and the automobile industry?

Shri Karmarkar: I have no information as to the countries which are going to participate in respect of the exhibits on aviation and automobile industries.

Shri V. P. Nayar: It was stated the other day in answer to the original question which has given rise to this question that the hon. Minister of Commerce and Industry does not think that the aviation industry will be represented. May I know whether Government have taken any steps or have asked the organisers for whom they have already spent about Rs. 16½ lakhs that in view of the fact that the Indian-made automobiles are very costly they should also see that foreign automobiles are exhibited here?

Shri Karmarkar: In the first place, we have not given any amount to that organisation. The buildings, etc., are being put up and they will be utilised, and part of them will be on hire. Certainly, so far as we are concerned, we are putting our exhibits in respect of the aircraft and automobile industries. I could not follow the latter part of his question in which he discussed costs. I should like it to be repeated.

Shri V.P. Nayar: I was only saying that in view of the fact that the Indian-assembled or Indian manufactured automobiles are more costly than automobiles manufactured in any other part of the world, whether Government have taken any steps to bring in, as exhibits, cheaper automobiles in India.

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): We do not consider it though the costs are due to the factors which Government control, because the Government's control also contribute to those costs, as the Government levy import duty. We do not, therefore, feel that we should urge upon some foreign manufacturers to exhibit their cars. Perhaps some of them will. I am not aware of it.

दलाई लामा और पंचम लामा

*१५७९. **श्री भक्त दर्शन**: क्या प्रधान मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि तिब्बत के दलाई लामा और पंचम लामा ने भगवान बुद्ध की २५००वीं जयन्ती के सिलसिले में अगले वर्ष भारत आने का निश्चय किया है; और

(ख) यदि हां, तो क्या यह भारत सरकार के निमन्त्रण पर किया जा रहा है?

वैदेशिक कार्य उपमंत्री (श्री अनिल के० चन्दा): (क) सरकार को इस का पता नहीं है ।

(ख) अभी तक बुद्ध भगवान के परिनिर्वाण की २५००वीं बरसी के बारे में भारत सरकार की ओर से कोई निमंत्रण नहीं भेजा गया है । कुछ देर बाद इस मौके के लिये, बुद्ध धर्म से सम्बन्ध या दिलचस्पी रखने वाले मुख्य लोगों को कई निमन्त्रणे भेजने का विचार है ।

Shri C. D. Pande: If the invitations are extended, will they be through the Government of China or direct to the persons concerned?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru). Naturally any invitation will have to go through the People's Government of China.

सीमेंट के कारखाने

*१५८०. **श्री जांगड़े**: क्या वाणिज्य और उद्योग मंत्री १२ मार्च, १९५५ को दिये

गये तारांकित प्रश्न संख्या ८२३ के उत्तर के सम्बन्ध में यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि तब से मध्य प्रदेश की सरकार ने छत्तीसगढ़ में दो सीमेंट के कारखाने स्थापित करने की सिफारिश की है;

(ख) यदि हां, तो इस सम्बन्ध में क्या निश्चय किया गया है; और

(ग) क्या ये कारखाने सरकार द्वारा चलाये जायेंगे या निजी व्यक्तियों द्वारा ?

उद्योग मंत्री (श्री कानूनगो) : (क) जी हां ।

(ख) और (ग) इस सम्बन्ध में कोई निश्चय नहीं किया गया है । यह विषय अभी विचाराधीन है ।

Shri Jangde : Is it a fact that Government experts are examining drilling stones and stone quarries for this purpose at various places in Raipur and Bilaspur districts of Madhya Pradesh?

Shri Kanungo : No. The Government are not doing it.

Shri Jangde : Does the Government of India know that licences have been granted to some private firms by the State Government to start cement factories there?

Shri Kanungo : The State Government cannot do it.

Shri Jangde : Are there other possibilities of setting up cement factories in Madhya Pradesh as ancillary industries for the Bhilai steel plant?

Shri Kanungo : Yes; there is plenty of room.

Power Alcohol

*1581. **Shri C. D. Pande :** Will the Minister of **Commerce and Industry** be pleased to state that main obstacles in the way of the producing the maximum quantity of Power Alcohol during 1954-55?

The Minister of Industries (Shri Kanungo) Non-availability of adequate quantity of molasses.

Shri C.D. Pande : May I know whether the Government are aware that there is enough supply of molasses and that molasses are not being used only because the oil interests are impeding the progress of mixing petroleum with alcohol...

Shri Kanungo : That is not the reason.

Shri C. D. Pande : May I know the installed capacity for our power alcohol production?

Shri Kanungo : About 13 million gallons.

Shri C.D. Pande : What is the present production?

Shri Kanungo : The production in 1954 was 8 million gallons.

Shri N. B. Chowdhury : May I know whether it is a fact that Government have recently lifted the ban on the export of molasses and that therefore sufficient quantity of molasses is being exported?

Shri Kanungo : Notice.

Mangoes

*1582. **Shri Kajrolkar :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether it is a fact that mangoes are not allowed to be exported to Japan nor they are allowed to be carried by passengers leaving for Japan, and

(b) if so, the reasons therefor?

The Minister of Commerce (Shri Karmarkar). (a) and (b) There are no restrictions on exports from India. There are, however, certain quarantine restrictions on imports of mangoes into Japan. The consignments are required to be produced before the Plant Quarantine Official at the point of importation, who either authorises clearance after disinfection or the consignments are destroyed.

I might add that when the hon. Member next attempts to take Indian mangoes to Tokyo, he might bear this in mind.

Shri Kajrolkar : May I know whether Government have taken any steps to popularise Indian mangoes in Japan, and if not, do the Government intend to take steps for popularising Indian mangoes in Japan and other south-eastern countries in Asia?

Shri Kamarkar : If any one whom the hon. Member knows undertakes the adventure, we shall be happy to assist him.

Shri Jangde : What is the total sale proceeds of mangoes that were sold abroad last year ?

Shri Karmarkar : We have no figures and it is impossible to find it out.

Shri Gidwani : Is it true that—I have also some experience of this—mangoes are not allowed to be taken inside the country by the customs authorities at the airport, and therefore, will the Government see that the customs authorities are aware of the procedure, so that when goods are taken from here to Japan all the way, they are not prohibited, from entering the country to which they are exported, at the airport or other customs post.

Shri Karmarkar : I do not know about the customs authorities in foreign countries.

तरल सोना

*१५८३. **श्री एम० एल० द्विवेदी** : क्या **वाणिज्य और उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) आज कल प्रति वर्ष कितना तरल सोना आयात किया जाता है;

(ख) क्या यह सच है कि तरल सोने के आयात को बिल्कुल बन्द कर देने के लिये सरकार से अभ्यावेदन किये गये हैं;

(ग) यदि हां, तो उन पर क्या निश्चय किया गया; और

(घ) आज कल भारत में तरल सोना किन किन स्थानों पर बनाया जाता है और उस का क्या परिणाम है ?

वाणिज्य मंत्री (श्री करमरकर) : (क) तरल सोन अर्थात् लिक्विड गोल्ड के आयात के सही आंकड़े उपलब्ध नहीं हैं, क्योंकि इन का हिसाब अलग नहीं रखा जाता है ।

(ख) जी हां ।

(ग) आयात कोट को कम कर दिया गया था, परन्तु आयात को बिल्कुल बन्द कर देना उचित नहीं समझा गया

(घ) एसा मालूम हुआ कि इस समय आगरे में ३ कारखान हैं । एक कारखाने की स्थापना बम्बई में भी हुई है, और आशा है कि वहां पर शीघ्र ही उत्पादन शुरू हो जायेगा । इस समय तरल सोने का मासिक उत्पादन ६,००० औंस के लगभग है ।

श्री एम० एल० द्विवेदी : मैं जानना चाहता हूं कि जो तरल सोना हमारे यहां पैदा किया जाता है, उस की और विदेश से आये हुए तरल सोने की क्वालिटी में कितना अन्तर है ?

श्री करमरकर : कुछ लोग शिकायत करते हैं कि उन में अन्तर है, लेकिन हमारी समझ में तो कोई बहुत अन्तर नहीं है ।

श्री एम० एल० द्विवेदी : यदि कोई अन्तर नहीं है, तो क्या कारण है कि उस के आयात को बिल्कुल बन्द नहीं कर दिया जाता ?

श्री करमरकर : जितना मुनासिब था, उतना तो बन्द कर दिया गया है । सब आयात को बन्द करना मुनासिब नहीं है ।

सेठ अचल सिंह : क्या मंत्री महोदय बताने की कृपा करेंगे कि आगरा में तरल सोना बनाने के काम को एनकरेज करने के लिये क्या कोशिश की जा रही है ?

श्री करमरकर : उस को एनकरेज करने के लिये ही तो इम्पोर्ट को कम कर दिया गया है ।

Recording of Speeches

*1585. **Shri Jhulan Sinha** : Will the Minister of **Information and Broadcasting** be pleased to state :

(a) the action taken by Government on the recommendations of the Estimates Committee as contained in para 167 of their Twelfth Report regarding the processing of the record of the after-prayer speeches of Gandhiji and making available copies thereof to the Gandhi Samarak Nidhi for preservation; and

(b) the names of other eminent Indians whose speeches are intended to be recorded in this manner for the preservation in the archives of the Ministry?

The Minister of Information and Broadcasting (Dr. Keskar): (a) The recommendation is being accepted for implementation.

(b) The recordings of Rabindranath Tagore; Sardar Patel. Sarojini Naidu; C. F. Andrews; V. S. Srinivasa Sastry and Nanalal Kavi will be selected in the first instance for preservation.

Others will be taken up later on.

Shri Kamath : Arising out of the answer to part (b) of the question, is there before the Government any proposal to process the records of the songs of the I.N.A. and the speeches of Netaji Subhas Chandra Bose?

Dr. Keskar : As regards the songs of the I.N.A., it is no question of preservation, because they are being played repeatedly and can be played repeatedly. As regards the question of preservation of the speeches of Netaji Subash Chandra Bose, we have been in the look-out for those speeches. Unfortunately we have not been able to come across any, but if we find any, we will certainly make an effort to preserve it.

Shri Kamath : Have Government not come across any speech so far delivered either here or abroad in or out of India?

Mr. Speaker : The hon. Member will better stand and continue the question.

Shri Kamath But the hon. Minister is standing.

Mr. Speaker : He is standing because the hon. Member is sitting.

Dr. Keskar : In the list that I have I do not find the name of Netaji Subash Chandra Bose. But if the hon. Member takes up the question I might give him information as to what efforts we have made to get the records of Netaji Subhash Chandra Bose's speeches.

Rehabilitation of East Bengal Displaced persons

*1587. **Shri Gidwani** : Will the Minister of **Rehabilitation** be pleased to state:

(a) whether some displaced persons from East Bengal are proposed to be settled in Hyderabad State;

(b) if so, the number of such persons to be settled in that State; and

(c) the facilities being provided to them there?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) Yes.

(b) and (c). It is difficult at this stage to state the number of persons to be settled in this State. The schemes of rehabilitation in Hyderabad are in the process of formulation.

Shri Gidwani: What will be the total area of land that will be allotted and how many acres will be allotted to each family?

Shri Mehr Chand Khanna : It depends upon the quality of the land.

Shri Gidwani : May I know whether any terms have been settled on the basis of which they will be allotted?

Shri Mehr Chand Khanna: We are now trying to locate lands in areas outside West Bengal. When land has been located, it will be to developed. Only after the development of the land, the question will arise about settling the terms of allotment.

Shrimati Renu Chakravartty : From the last answer which the hon. Minister has given, it appears that this land needs development and that it is not readily culturable land. As such, may I, know the particular strip of land in Hyderabad State which is going to be given over for East Bengal displaced persons and how much money will have to be spent on this process of development?

Shri Mehr Chand Khanna : It is very difficult at this stage to give any indication of the amount of money that we shall have to spend on the development of these lands. We have been able to locate two areas in Hyderabad State (i) under the Kadam Project about 5000 acres and (ii) land near Karalapalli Stream in Mulug Taluk——I am sorry I am not very familiar with the name ——about 3000 acres.

Shrimati Renu Chakravartty : Will the land be given on the basis of standard acres as in the case of displaced persons from West Pakistan or on the basis of six bighas of land as is given to East Bengal D.Ps.?

Shri Mehr Chand Khanna : There is no question of payment of compensation to the displaced persons coming from East Pakistan. This land will be utilised for the purposes of their rehabilita-

tion and every possible effort will be made to see that an economic holding is allotted.

आकाशवानी का शिमला केन्द्र

*१५८८. **डा० सत्यवादी** : क्या सूचना और प्रसारण मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि तबला वादिक आदि जसे कलाकार जो स्थानीय रूप से पाये जा सकते थे बंगाल आदि जैसे दूरस्थ स्थानों से लाये गये हैं और आकाशवाणी के शिमला केन्द्र में नियुक्त किये गये हैं;

(ख) यदि हां, तो क्यों ; और

(ग) क्या यह सच है कि उस केन्द्र का संगीत निर्देशक संगीत की स्थानीय प्रणाली से अनभिज्ञ है ?

सूचना और प्रसारण मंत्री (डा० केसकर): (क) और (ख). किसी भी रेडियो केन्द्र के संगीत कार्यक्रम के लिये जिस हद तक स्थानीय कलाकार मिल सकते हैं रखे जाते हैं । बशर्ते कि वे उस वाद्य या प्रणाली (सिस्टम) में रेडियो की राय में काफी कुशलता रखते हों। स्थानीय होने पर भी जो पर्याप्त योग्यता नहीं रखते उनको नहीं रखा जा सकता ।

(ग) संगीत अखिल भारतीय कला है । स्थानीय लोक-गीतों के लिये उसके जानकार कुछ रचयिता रखे जाने वाले हैं ।

डा० सत्यवादी : क्या आनरेबल मिनिस्टर को मालूम है कि हिमाचल संगीत के आर्टिस्टों को अपने कार्यक्रम में साज़ भी खुद ही बजाने पड़ते हैं, क्योंकि आकाशवाणी का स्टाफ उनको फालो करने के नाकाबिल है ?

डा० केसकर : जिसको हिमाचल संगीत कहा गया है, वे असल में हिमाचल के लोक-गीत हैं और उनके लिए ऐसे कोई स्टैंडर्ड वाद्य या तन्तु-वाद्य नहीं हैं, जो कि हमेशा बजाए जाते हों । जो एक दो हमेशा चलने वाले वाद्य हैं, उनको जानने वाले आदमी रखने की इस वक्त योजना है ।

डा० सत्यवादी : मुख्य सवाल में मैंने खास कर तबला-वादन की तरफ संकेत किया है और सप्लीमेंटरी सवाल में भी मैंने फिर कहा है कि तबला-वादक भी वहां के लोक-संगीत से अनभिज्ञ हैं और उसके साथ तबला बजाने के नाकाबिल हैं। क्या यह सत्य नहीं है ?

डा० केसकर : जहां तक मैं जानता हूं, हिमाचल के लोक-गीत के साथ तबला बजाते हुए मैंने नहीं सुना है ।

श्री पी० एल० बारूपाल : क्या यह सही है कि राजस्थान में प्रसार-केन्द्र खुल जाने के बाद दिल्ली केन्द्र से जो राजस्थानी गीत प्रसारित किए जाते थे, वे अब बन्द कर दिए गए हैं ?

डा० केसकर : बन्द नहीं किए गए हैं, लेकिन यहां पर उनका ब्राडकास्टिंग कम कर दिया गया है । जाहिर है कि जब वहां से उन का ब्राडकास्टिंग हो सकता है, तो फिर यहां से करना उतना जरूरी नहीं है ।

डा० सत्यवादी : जैसा कि माननीय मंत्री जी ने कहा है, उन को मालूम है कि हिमाचल लोक संगीत के साथ तबला नहीं बजाया जाता । लेकिन क्या यह वाकया है कि हिमाचल लोक संगीत के साथ वहां तबला बजा कर आप उन लोगों के साथ जुल्म करते हैं ?

डा० केसकर : बजाने के लिये तो बहुत सी चीजें हैं जो बजायी जा सकती हैं अगर आप चाहें । लेकिन हिमाचल लोक संगीत के बारे में मैं भी जानता हूं कि उस के साथ ढोल बजता है तबला नहीं बजता ।

खादी

*१५८९. **श्री विभूति मिश्र** : क्या उत्पादन मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या यह सच है कि केन्द्रीय सरकार ने खादी की बिक्री के लिये राज्य सरकारों को कुछ निदेश दिये हैं ;

(ख) क्या यह भी सच है कि दूर के गांव में रहने वाले किसानों को खादी उपलब्ध करने के लिये कोई उचित योजना नहीं है; और

(ग) यदि हां, तो क्या इस सम्बन्ध में केन्द्रीय सरकार कोई योजना बना रही है ?

उत्पादन उपमंत्री (श्री सतीश चन्द्र) : (क) राज्य सरकारों से प्रार्थना की गई है कि वे अपने विभागों में खादी का प्रयोग बढ़ाने के लिये उचित कार्यवाही करें ।

(ख) तथा (ग) अखिल भारतीय खादी तथा ग्रामोद्योग बोर्ड ने दो योजनायें ऐजेन्सी बिक्री योजना तथा "वस्त्रस्वावलम्बन योजना" नाम से चलाई हैं जिन के द्वारा ग्रामीण जनता तक खादी पहुंचाने का विचार है । पहली योजना के अनुसार दूरवर्ती स्थानों में खादी बेचने के लिये भत्ते और आढ़त पर ५७३ एजेन्ट नियुक्त किये गये हैं । दूसरी योजना उन लोगों को आर्थिक सहायता देने के बारे में है जो स्वयं सूत कात कर अपने प्रयोग के लिये खादी बुनवाते हैं ।

श्री विभूति मिश्र : क्या सरकार के पास कोई आंकड़ा है कि अब तक दूर दूर देहातों में कितने रुपये की खादी बिक पाई है ?

श्री सतीश चन्द्र : खादी की बिक्री के और उत्पादन के कई सौ सेन्टर हैं और कुछ एम्पोरियम भी हैं । इन में कितनी खादी शहरों में इस्तमाल के लिये बिकती है और कितनी देहातों के लिये यह कहना तो कठिन है । लेकिन वस्त्र स्वावलम्बन स्कीम के अन्तर्गत जो लोग खुद अपनी रूई पैदा करते हैं, चरखा चलाते हैं और सूत कात कर अपने पहनने के लिये खादी बुनवाते हैं उन को पिछले साल ५,७९,५०२ रुपये सबसिडी के रूप में बांटे गये । इस प्रकार की खादी ज्यादातर ग्रामीण जनता के ही इस्तैमाल में आयी है ।

श्री विभूति मिश्र: जो ग्रामीण जनता खादी पहनती थी, उस को जब गांधी जी जिन्दा थे तो आसानी से छोटे छोटे चरखा संघों से खादी मिल जाया करती थी । अब वे छोटी दुकानें बन्द हो गई हैं जो पहले खादी देती थीं । इसलिये जो पहले खादीधारी थे, खादी के अभाव में उन की संख्या में कमी हो रही है। उन को खादी आसानी से मिल सके इस के लिये सरकार क्या प्रबन्ध कर रही है ?

श्री सतीश चन्द्र: खादी को ग्रामीणों तक पहुंचाने के लिये ही तो पिछले साल ५७३ एजेंट नियुक्त किये गये हैं ताकि कार्यकर्ता गांव गांव में जा कर खादी बेचें । उस के लिये उन को आढ़त और भत्ता मिलेगा । इस के अलावा वस्त्र स्वावलम्बन स्कीम चलायी गयी है कि लोग खुद अपना सूत कातें और अपने लिये कपड़ा बनवायें । इस पर सबसिडी दी जाती है ।

श्री हेमराज : क्या मैं जान सकता हूं पिछले साल जो खादी हुंडियां ग्रामीणों को दी गई थीं उनके लिए उनको अभी तक कोई कपड़ा नहीं मिला है ।

श्री सतीश चन्द्र : जिन के पास खादी हुंडियां हैं वे किसी भी बिक्री भंडार में जा कर उन की खादी ले सकते ।

श्री हेमराज : उन को खादी मिलती नहीं..

Mr. Speaker : I am going to the next qestion.

Soda Ash

*1591. **Shri V. P. Nayar** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether the import of Soda Ash for the current licensing period July—December, 1955 has been included in the canalising scheme;

(b) the names of the agencies which are handling the import and distribution of Soda Ash in India; and

(c) the current price of Soda Ash as compared to the average price in January—June, 1955 and July—December 1954 licencing period?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) Yes, Sir.

(b) 1. Tata Oil Mills Company Limited, Bombay.

2. Imperial Chemical Industries (India) Ltd., New Delhi.

(c) A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 61].

Shri V. P. Nayar : In the matter of licensing imports for soda ash, we find that in the last 2 or 3 years the policy has been one of distributing on a quota basis, then on an *ad hoc* basis, and now on the basis of canalising. May I know what are the reasons for changing this policy three times within the course of the last two years ?

Shri T. T. Krishnamachari : In order to ensure adequate supplies to the users of soda ash.

Shri V. P. Nayar : Is it not a fact that when Government changed over from the licensing system to the *ad hoc* system, it was thought necessary that in order to break the monopolies which the licensing system had conferred, some new-comers had also to be allowed to import soda ash ? In the canalising system, I think the Government have again reverted to allow the old monopolies to grow in the name of the two companies which the hon. Minister referred to. How do Government compromise these ?

Shri T. T. Krishnamachari : So far as imports are concerned, these are not the people who import it. We get quotations and Government determine which quotation ought to be accepted. In fact, during the last licensing period, that is, before the current one, all the soda ash that was imported was from East Germany and not through the agency of these two firms except what is called heavy soda ash from Magadi.

Shri N. B. Chowdhury : May I know from which countries we are importing soda ash at present ? What is the reason for the rise in price as compared with the prices prevailing in the same period in 1954 ?

Shri T. T. Krishnamachari : During the last half year, the imports that we made were from East Germany. Prior to that, we had a large quantity of import from Japan. But, at the moment, we probably would be licensing for import from various countries, United States, Japan and so on. It all depends on the lowest quotation that we get.

Shri V. P. Nayar : The hon. Minister said that the work of the organisations which handle soda ash for distribution in India is confined merely to handling and not importing. May I know, whether, in view of this, Government have considered the desirability of reducing the profit margin of 10 per cent and 12½ per cent now allowed to these people through whom canalised soda ash distribution is made ?

Shri T. T. Krishnamachari : The percentage allowed is supposed to include all element of costs in handling this. I do not think there is any prospect of any reduction.

Newsprint

*1592. **Shri Kamath** : Will the Minister of **Commerce and Industry** be pleased to state :

(a) the main features of the Newsprint Import Policy of July—December, 1955 ;

(b) whether it is a fact that several newspapers have protested to Government against this policy ;

(c) if so, the names of such newspapers ;

(d) whether Government propose to revise their present policy ; and

(e) if so, on what lines ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Actual user licences are granted to publishers and/or printers of newspapers and periodicals on the basis of actual consumption as certified by a Chartered Accountant during any one of the financial years 1952-53, 1953-54 and 1954-55. Established importers will be free to collect Actual Users licences, and effect imports against the licences so collected, after obtaining the necessary letters of authority from the licensing authority concerned.

(b) Yes, Sir. Some have.

(c) A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 62].

(d) and (e) No, Sir.

Shri Kamath : What were the reasons for a sudden change in the newsprint import policy for the half year July-December, 1955 as compared with the previous half year January-June ?

Shri T. T. Krishnamachari : The reasons are very simple. The fact is, import of printing is subject to a duty of 39 and odd, very nearly 40 per cent.

Import of newsprint is subject to a duty of 4 per cent. Government have found that a very large quantity or rather the use of printing is being switched on to newsprint because of the low duty. Government do not want to lose any revenue. At the same time, they want to safeguard the interests of the press. Therefore, this method has been devised so that genuine newspapers and publishers of periodicals will get newsprint at a low duty. If the general public need printing, whether it is newsprint or any other type of printing, they are free to import it and pay a duty of 40 per cent.

Shri Kamath : According to the statement laid on the Table of the House, is it a fact that as many as 59 newspapers and periodicals have represented to the Government that under the import policy for this half year, they are unable to obtain newsprint for their requirements and therefore requested the Government to revert to the old policy of January-June ?

Shri T. T. Krishnamachari : As a matter of fact, it is true that these newspapers have represented. They have represented in one language. Apparently somebody is interested in seeing that this policy is broken ; very possibly somebody who has got a commercial interest in newspapers. All the representations begin with, we are totally opposed to the Government policy. Government have some intelligence still left to see through the game.

Shri M. S. Gurupadaswamy : May I know whether the Minister is aware that newsprint is being used by publishers of books and pamphlets as a result of which the cost of newsprint for the small newspapers has gone very high and import facilities are not available for the small-scale newspapers ?

Shri T. T. Krishnamachari : Government are aware that there is a surplus of newsprint imported during the last year or rather under licences given during last year, which are still in use. The intention of the Government is that people should import newsprint or for that matter, printing for purposes other than printing newspapers and pay a higher duty. Obviously, the prices will rise. It is a matter which the Government is aware of.

Shri Joachim Alva : What steps have the Ministry of Commerce taken to implement a major recommendation made by the Press Commission that a State trading corporation should be set up for import of newsprint to relieve consumers from the hands of blackmarketers ?

Shri T. T. Krishnamachari : The Commerce Ministry is not aware of the recommendations of the Press Commission.

Shri Kamath : Is it a fact that this new policy for the half year July-December, 1955 will benefit only the big news papers with large resources and will ruin the smaller newspapers ?

Shri T. T. Krishnamachari : I take it that my hon. friend who asks the question has gone through the answer provided. Any newspaper worth the name, which can produce a chartered accountant's certificate in regard to its consumption during any period mentioned by me will get an import licence. I cannot see why the policy should benefit only the large newspapers. It can also benefit the small ones.

Mr. Speaker : The question-hour is over.

WRITTEN ANSWERS TO QUESTIONS

Iron and Steel

***1557. Shri Sivamurthi Swami** : Will the Minister of **Iron and Steel** be pleased to state :

(a) whether any schemes for the expansion of the existing iron and steel plants have been approved ;

(b) the anticipated yearly production of iron and steel after the completion of the projects in hand; and

(c) whether any scheme is under consideration for the setting up of iron and steel plants in areas where plenty of electricity is produced but coal is not available ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) Yes, Sir.

(b) A statement is laid on the Table of the House. [*See* Appendix VIII, annexure No. 63].

(c) No, Sir. Not at present.

East Pakistan Displaced Persons

*1561. **Shri Bhagwat Jha Azad :** Will the Minister of **Rehabilitation** be pleased to state :

(a) whether the possibility of employing the East Pakistan displaced persons in the State-owned factories has been examined ; and

(b) if so, whether any decision has been taken to accord priority for their employment in these factories ?

The Minister of Rehabilitation (Shri Mehr Chand Khanna) : (a) Yes.

(b) Yes, it has been decided to employ as many displaced persons as possible, provided they are otherwise suitable.

Visas

*1567. **Shri M. Islamuddin :** Will the **Prime Minister** be pleased to state :

(a) the number of Ceylonese students who have applied for visas to carry on studies in India for the year 1955-56 ; and

(b) the number of visas actually issued to them ?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) *and* (b). 1464 Ceylonese students applied for visa to come to India for studies during the period April to July 1955. No visa was refused to any student.

Indian Films

*1569. **Sardar Iqbal Singh :** Will the Minister of **Information and Broadcasting** be pleased to state :

(a) whether it is a fact that certain Ambassadors of India have complained about the mediocrity of Indian films exhibited abroad ; and

(b) if so, the steps Government propose to take to improve the quality of films to be shown abroad ?

The Minister of Information and Broadcasting (Dr. Keskar) : (a) No.

(b) Does not arise. However, selected films only are shown at Festivals in which there is official participation by this country. The proposed National Film Board will advise on the recommendation of films for exhibition abroad.

Construction of Dams

*1572. **Shri C. R. Chowdary :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) the type of cement usually used in the construction of Dams of the Central Projects ;

(b) whether it is low heat portland cement of specified and approved quality ;

(c) the number of Dams either completed or under construction where refrigerators have been used for the purpose of cooling, by not using low heat-portland cement, in the First Five Year Plan period ;

(d) whether a Building Research Laboratory is attached to each project ;

(e) whether the cement and other material used in the construction of Dam etc., are subjected to any test ; and

(f) if not, the reasons therefor ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Ordinary portland cement.

(b) No.

(c) One.

(d) Yes.

(e) Yes.

(f) Does not arise.

Canal from Hirakud Dam

*1577. **Shri Sanganna :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether it is a fact that Government propose to dig an irrigation canal under the Delta Irrigation Scheme from Hirakud Dam Project into the districts of Cuttack and Puri in Orissa at a cost of Rs. 15 crores;

(b) if so, whether this cost is inclusive of the expenditure on the Hirakud Dam Project ; and

(c) where the matter stands at present ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir. This will be under the Mahanadi Delta Irrigation Scheme. The estimated cost of the canal is Rs. 7·26 crores.

(b) No. Sir.

(c) The Mahanadi Delta Irrigation Scheme has recently been approved as an addition to the Hirakud Dam Project

(Stage I), and will be taken up for execution by the Government of Orissa.

N.E.F.A.

***1584. Shri Rishang Keishing :** Will the **Prime Minister** be pleased to state :

(a) the number of scholarships set apart so far by the N.E.F.A. Administration for post-matric and post-graduate studies ;

(b) the number of students from and outside N.E.F.A. who are receiving scholarships at present ; and

(c) the conditions enforced in awarding the scholarships to non-resident students of or students not belonging to N.E.F.A. ?

The Parliamentary Secretary to the Minister of External Affairs (Shri Sadath Ali Khan) : (a) 44 scholarships have been set apart for Post-matriculation and post-graduate studies. Scholarships for post-graduate courses are awarded only for Diploma Course in Forestry at Dehradun. The number of scholarships awarded every year for this course varies in accordance with the needs.

(b) 58 tribals from the autonomous hill districts of Assam and 31 Non-tribals. The number of N.E.F.A. tribal candidates is only 7 in view of the lack of education in them at present.

(c) Stipendiaries have to execute a bond to the effect that they will serve N.E.F.A. for a period of three to five years. The award of stipends is subject to usual conditions *i.e.*, good conduct and satisfactory progress including annual promotion. In the event of failure to pass or serve N.E.F.A. the stipendiaries are liable to refund the stipend money. The stipendiaries for Forestry courses have to serve N.E.F.A. for ten years.

Rourkela Steel Plant

***1586. Shri Bhagwat Jha Azad :** Will the Minister of **Iron and Steel** be pleased to state :

(a) the number of families which will be displaced as a result of the construction of the Rourkela Steel Plant .; and

(b) whether such displaced persons will be given any preference for employment in the construction of the factories ?

The Minister of Industries (Shri Kanungo) : (a) The total number of families likely to be displaced as a result of the construction of the Rourkela Steel Plant will be about 2,350.

(b) Every endeavour will be made to find all able-bodied persons, amongst those who will be displaced, employment either under Hindustan Steel Ltd. or under the contractors working for the Company.

Barrage on the Chambal River

***1590. Shri C. R. Chowdary :** Will the Minister of **Irrigation and Power** be pleased to state :

(a) whether the 'upper' irrigation Barrage on the Chambal river has been decided upon ;

(b) if not, at what stage the recommended explorations of both the sites stand ; and

(c) what are the merits and demerits of these sites according to the Geologists ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir,

(b) Does not arise.

(c) Both the sites are geologically suitable.

Handicrafts

***1594. Shri Bhagwat Jha Azad :** Will the Minister of **Production** be pleased to state :

(a) whether it is a fact that Government propose to set up a Central Handicrafts and Tools Development Institute ;

(b) if so, when ; and

(c) where this Institute will be located ?

The Deputy Minister of Production (Shri Satish Chandra) : (a) to (c): It is presumed that information is desired on the Handicrafts Board's proposal to set up a Development Centre at Delhi. This proposal is under consideration of Government.

Steel Prices

***1595. { Shri V. P. Nayar.**
Shri N. B. Chowdhury :

Will the Minister of **Commerce and Industry** be pleased to state :

(a) the prices of imported steel as they arrive in Indian territory in 1955 : and

(b) the latest prices of indigenous steel ?

The Minister of Industries (Shri Kanungo) : (a) The price of steel varies from category to category. The average landed costs per ton of some of the common categories such as Bars and Rods, Structurals and Sheets are about Rs. 735, Rs. 709 and Rs. 1,020, respectively.

(b) A copy of the Notification dated 1st July, 1955 containing the current indigenous prices is laid on the Table of the House. [Placed in the Library. *See* No. S-330/55.]

Second Five Year Plan (Madhya Pradesh)

*1596. **Shri Kamath :** Will the Minister of **Planning** be pleased to state :

(a) whether it is a fact that the Madhya Pradesh Government recently discussed the details of their Second Five Year Plan with the Planning Commission ;

(b) whether the Plan submitted by the Madhya Pradesh Government has been approved ;

(c) if not, the alterations, that have been made ; and

(d) the extent of expenditure to be met by the Madhya Pradesh and the Central Government ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) Yes, Sir.

(b) to (d). After discussion with the Madhya Pradesh Government, the Planning Commission has suggested a provisional ceiling to facilitate revision of the State Plan. The stage for approving plans and agreeing on the allocation of expenditure between the Centre and the States will be reached after the discussions with various State Governments have been completed and the picture as a whole is placed before the National Development Council.

Cossye Project

824. **Shri N. B. Chowdhury :** Will the Minister of **Irrigation and Power** be pleased to refer to the reply given to Starred Questions No. 1030 on the 23rd August, 1955 and state :

(a) whether it is a fact that the work in respect of the Cossye Project has already started pending its formal inclusion in the Second Five Year Plan ; and

(b) whether the Government of India have asked the State Government to go ahead with the work ?

The Deputy Minister of Irrigation and Power (Shri Hathi) : (a) and (b). No Sir.

Pressure Cookers

825. **Shri V. P. Nayar :** Will the Minister of **Commerce and Industry** be pleased to state :

(a) whether during the current licensing period *ad hoc* licences have been given for the import of pressure cookers ;

(b) if so, the value thereof ; and

(c) the names of the established importers to whom such licences have been issued ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) None so far.

(b) and (c) Do not arise.

Safety Razor Blades

826. **Shri V. P. Nayar :** Will the Minister of **Commerce and Industry** be pleased to refer to page 175 of the "Import Trade Control Policy" for July-December, 1955 and state :

(a) the new sources from which safety razor blades are to be imported ;

(b) the main points to determine merits of the applications ; and

(c) the authority or the relevant rules for inviting applications in such manners ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : (a) It is for the applicant to state these new sources.

(b) Prices and quality of the blades.

(c) Powers derived under the Imports and Exports (Control) Act, 1947.

Import Policy

827. **Shri V. P. Nayar :** Will the Minister of **Commerce and Industry** be pleased to refer to para 16 on page 5 of the Import Trade Control Policy for July—December, 1955 and state the reasons for restricting the basic period for import in respect of Caustic Soda, Soda Ash and Art Silk Yarn to the 31st March, 1951, whereas the basic period in respect of the other commodities like wines and spirits etc, has been extended up to 1954 ?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari) : The reason for restricting the basic period for import in respect of Caustic Soda, Soda Ash and Art Silk Yarn to the 31st March, 1951 is to exclude the period when speculative and abnormal imports were made for the determination of quotas.

The basic period in respect of Wines, Spirits etc, has been extended only upto 1952-53 and not upto 1954.

Information Centres

828. Shri Krishnacharya Joshi: Will the Minister of **Information and Broadcasting** be pleased to state:

(a) whether the State Governments have implemented the decision taken at the conference of State Ministers of Information held on the 8th January, 1955 for the opening of Information Centres at State Capitals, at the Block Headquarters in Community Project areas and at the district headquarters; and

(b) if so, the names of the States which have opened such centres?

The Minister of Information and Broadcasting (Dr. Keskar): (a) and (b). the Information Centre at Jullundur has started work. A pilot Information Centre has been opened at Hyderabad. The information Centre at Delhi will be opened during the course of this month. Centres at Bombay, Kurnool, Lucknow and Nagpur are expected to be opened during the year. The State Governments of Madras, Orissa, West Bengal, Madhya Bharat, Rajasthan, Saurashtra and Travancore-Cochin have also decided to set up Information Centres at their State capitals in the near future. Information from other States is awaited.

A statement is laid on the Table of the House regarding Information Centres at district headquarters and at Block Headquarters in Community project and National Extension areas. [*See* Appendix VIII, annexure No. 64].

Trade Delegations

829. Shri Ibrahim: Will the Minister of **Commerce and Industry** be pleased to state the total expenditure incurred on the trade missions and delegations sent abroad by Government during 1954-55?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): Rs. 2,13,000/- (approximately).

N. E. F. A.

830. Chaudhuri Muhammed Shaffee: Will the **Prime Minister** be pleased to state:

(a) the number of clashes between the police and the Nagas that took place in N. E. F. Agency since the 1st January 1955;

(b) the number of casualties on both the side, separately; and

(c) the causes of these clashes?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) and (b). There have been nine clashes between the Assam Reifles and the Nagas from the 1st January, 1955 upto the middle of July, 1955.

This House has already been informed by me on 18th August, 1955 that the casualties suffered on our side in the incidents in Tuensang have been:

Killed: Five Assam Rifles, Two Interpreters, two woodcutters. one porter and 12 villagers.

Injured: Three Assam Rifles, two porters and 5 villagers. Among the hostile elements, the exact casualties are not known, but, so far as is known, there have been 14 killed and 12 injured.

(c) These clashes are due to the violent activities of certain misguided elements who have been instigated by some Naga National Council leaders. They are losing their influence with the people and in their desparation are terrorising and coercing them. Government is determined to put down violence firmly and promptly.

Films on Prime Minister's Tour

831. Shri Raghunath Singh: Will the Minister of **Information and Broadcasting** be pleased to state the number of coloured films produced by the Films Divison of the Government of India in connection with the recent visit of the Prime Minister to Eastern Europe especially to Soviet Russia?

The Minister of Information and Broadcasting (Dr. Keskar): No colour film has been produced. A full length film in black and white has been released, and is now being shown round the country.

Export of Indian Cars

832. Sardar Iqbal Singh: Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that Indian cars have been exported to Ceylon and Burma during 1954-55 and 1955-56 so far;

(b) if so, the total price of these cars in Burma and Ceylon as compared to their price in India; and

(c) the reasons for their xport?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) No, Sir.

(b) and(c). Do not arise.

Residential Accommodation

833. **Shri Veeraswamy:** Will the Minister of **Works, Housing and Supply** be pleased to refer to the reply given to Unstarred Question No. 757 on the 17th September, 1953 and state:

(a) whether the work of alterations to the D-type Chummeries in Lodi Colony, New Delhi has been completed; and

(b) if not, when it will be completed?

The Minister of Works, Housing and Supply (Sardar Swaran Singh): (a) and (b). The work of conversion on 2 blocks of 'D' type chummeries was completed in 1953. There is no intention at present to take up the remaining 8 blocks of 'D' type Chummeries for conversion.

Synthetic Oil Plant

834. **Shri T. B. Vittal Rao:** Will the Minister of **Production** be pleased to refer to the reply given to Starred Question No. 649 on the 10th August, 1955 and state;

(a) whether the firms Messrs. M. W. Kellogg Co., U.S.A., Messrs. Lurgi and Messrs. Heinrich Koppers, Germany will be paid any remuneration for the project reports in connection with the setting up of a plant for the manufacture of Synthetic Oil; and

(b) whether any time limit has been fixed for the submission of the reports?

The Minister of Production (Shri K. C. Reddy): (a) A fee of Rs. 1,67,070 is payable to Messrs Lurgi on the submission of the Project Report. The other two firms have offered to do the work free of charge.

(b) Yes; the reports have been called for by the 31st October, 1955.

Repatriation of Indians

835. **Sardar Iqbal Singh:** Will the **Prime Minister** be pleased to state:

(a) the number of Indians who have been repatriated to India during 1954-55 and 1955-56 so far;

(b) the amount spent or their repatriation during the same period;

(c) the names of the countries from which they were repatriated; and

(d) the reasons for their repatriation

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) 1954-55 Rs. 415.

Figures for 1955-56 are not available.

(b) During 1954-55 expenditure amounting to Rs. 25,335 was incurred by Government of repatriation of 328 persons. Details of expenditure on the remaining 87 repatriates are still awaited. This information will be laid on the table of the House in due course.

(c) Afghanistan, Australia, Belgian, Congo, Belgium, British Guiana, Burma, Ceylon, China, France, Hong Kong, Iraq, Kenya Colony, Malaya, Pakistan, Saudi Arabia, Singapore, Switzerland, Thailand, U.K., U.S.A. and West Germany.

(d) Information is awaited from Indian Missions abroad and will be laid on the Table of the House, in due course.

Prime Minister's Visits Abroad

836. **Thakur Jugal Kishore Sinha:** Will the **Prime Minister** be pleased to state

(a) the names of the countries that have so far been visited by him during 1955; and

(b) the expenditure incurred in connection with such visits?

The Prime Minister and Minister of External Affairs (Shri Jawaharlal Nehru): (a) United Kingdom.

Egypt;
Indonesia;
Czechoslovakia;
Poland;
U.S.S.R;
Austria;
Yugoslavia; and
Italy.

(b) The information is being collected and will be laid on the Table of the House.

Mangoes

837. **Shrimati Ila Palchoudhury:** Will the Minister of **Commerce and Industry** be pleased to state:

(a) the quantity and the value of mangoes exported to foreign countries during this year;

(b) the names of the countries to which they were exported;

(c) the names of the countries to which the largest quantity was exported and

(d) the State from which the large quantity was exported;

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) to (d). Separate statistics for individual fruits like mangoes are not maintained in the Sea-borne Trade Accounts.

Import Policy

838. **Shri V. P. Nayar:**
Shri N. B. Chowdhury:
Shri Kamath:

Will the Minister of **Commerce and Industry** be pleased to state:

(a) whether it is a fact that the All India Importers Association has represented to Government that the import policy for July—December, 1955 has been so modified as to prejudice the consumers' interests;

(b) whethet in its representation the Association has protested against the 'monopoly imports";

(c) whether the policy of liberal *ad hoc* licences has also been opposed;

(d) whether Government propose to investigate into the matter; and

(e) if so, through which agency or authority?

The Minister of Commerce and Industry and Iron and Steel (Shri T. T. Krishnamachari): (a) to (c). Yes, Sir.

(d) Government see no need to investigate in the matter of a policy deliberately laid down but this and other similar matters are reviewed every half year.

(e) Does not arise.

लंदन स्थित भारतीय हाई कमीशन का वाणिज्य विभाग

८३६. **श्री के० सी० सोधिया :** क्या **वाणिज्य ग्रौर उद्योग** मंत्री यह बताने की कृपा करेंगे कि :

(क) ग्राजकल लन्दन में भारतीय हाई कमीशन के वाणिज्य विभाग में कितने पदाधिकारी हैं;

(ख) उस म गर-भारतीय कितने हैं;

(ग) इस विभाग के कर्तव्य ग्रौर कार्य क्या हैं; ग्रौर

(घ) वह वहां पर कितने दिनों से काम कर रहा है ?

वाणिज्य ग्रौर उद्योग तथा लोहा ग्रौर इस्पात मंत्री (श्री टी० टी० कृष्णमाचारी) : (क) लन्दन में भारतीय हाई कमीशन के वाणिज्य विभाग में कर्मचारियों की कुल संख्या इस प्रकार है :—

ग्रफसर	२२
क्लर्क ग्रादि	४३

(ख) इन म गैर-भारतीयों की संख्या २५ है ।

(ग) वाणिज्य विभाग भारतीय हाई कमीशन के राजनैतिक विभाग का प्रतिरूप है । इस विभाग के मुख्य कार्य ये हैं :— भारत ग्रौर ब्रिटेन के मध्य व्यापार सम्बन्ध बढ़ाना, विशेषत: भारत के व्यापार का ब्रिटेन के साथ विकास करना, ग्रौर इस देश के सामान्य विकास के लिये ब्रिटेन तथा भारत की फरमों के मध्य टैक्नीकल ग्रथवा ग्रन्य प्रकार के सहयोग की सम्भावनाग्रों की जांच करना । चूंकि ब्रिटेन स्टर्लिंग क्षेत्र का, जिस में भारत भी शामिल है, प्रमुख सदस्य है, इसलिये वाणिज्य विभाग ब्रिटिश ट्रेजरी, बोर्ड ग्राफ ट्रेड ग्रौर कामन वैल्थ सम्पर्क समिति, जैसी समितियों से घनिष्ट सम्पर्क रखता है तथा भारत के लिये महत्व रखने वाली समस्त घटनाग्रों की सरकार को सूचना भेजा करता है ।

(घ) लन्दन में भारतीय हाई कमीशन का वाणिज्य विभाग १६४८ में खोला गया था ।

Volatile Oils

840. **Shri V. P. Nayar:** Will the Minister of **Production** be pleased to state:

(a) whether it is a fact that the production of volatile oils in India is on the increase since 1950; and

(b) the quantities of the different volatile oils produced in India in 1954 as against 1950?

The Minister of Production (Shri K. C. Reddy): (a) If by volatile oils the hon. Member means mineral oils which vaporise, the volatile oils produced in India are motor spirit, kerosene and vaporising oil and the answer so far as these are concerned is in the affirmative.

(b) The increase in motor spirit production was about three-fold, in vaporising oil about twice, and in kerosene about 66 per cent.

Displaced Persons from East Pakistan

841. **Shrimati Ila Palchoudhury**: Will the Minister of **Rehabilitation** be pleased to state:

(a) the number of displaced persons from East Pakistan who came to India during the months of July and August 1955, respectively; and

(b) the total displaced persons' population at the end of June, 1955, in the District of Nadia (West Bengal)?

The Minister of Rehabilitation (Shri Mehr Chand Khanna): (a) July 1955. 26,302.

August 1955. 7,991 (for West Bengal only upto 15th August, 1955).

(b) 5,11,500 persons.

Vol. V
8th September, 1955 (Friday)

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

Preservation Unit
12/6/83
Fumigated
On 6.10.83
Parliament Library
24-2-95

LOK SABHA SECRETARIA
NEW DELHI

SIX ANNAS (INLAND) TWO SHILLINGS (FOREIGN)

CONTENTS

(Vol. V, Nos. 21 to 40, dated 22nd August to 16th September, 1955)

MONDAY, 22ND AUGUST, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 977, 978, 981, 983, 984, 986, 988 to 992, 9944 to 996, 999 to 1001, 1003, 1004, 1008 to 1010, 985, 1005 and 1007. . . . . 3931—60

Short Notice Question No. 7. . . 3960—63

Written Answers to Questions—

Starred Questions Nos. 976, 979, 980, 982, 987, 993, 997, 998, 1002 and 1006. . . . . 3963—68

Unstarred Questions Nos. 514 to 534. . . . . 3968—76

TUESDAY, 23RD AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1013, 1015, 1017, 1019 to 1021, 1024 to 1028, 1030, 1031, 1032, 1034 to 1036, 1038, 1041 to 1046, 1048, 1049 1053 and 1054 to 1056. . . . . 3977—4007

Written Answers to Questions—

Starred Questions Nos. 1011, 1012, 1014, 1016, 1018, 1022, 1023, 1029, 1033, 1037, 1039, 1040, 1047, 1050, 1051, 1052 and 1057 to 1064. . . . . 4007—16

Unstarred Questions Nos. 535 to 563. . . . 4016—28

WEDNESDAY, 24TH AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1065, 1066, 1068 to 1072, 1074, 1075, 1079, 1081, 1083, 1085, 1089 to 1091, 1093 to 1095, 1098 to 1100, 1102 to 1106 and 1108. . . . . 4029—62

Written Answers to Questions—

Starred Questions Nos. 1067, 1073, 1076 to 1078, 1080, 1082, 1084, 108 1088, 1092, 1096, 1097, 1101, 1107 and 1109 to 1123. 4062—74

Unstarred Questions Nos. 564 to 584 and 586 to 604. . 4074—94

THURSDAY, 25TH AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1124, 1125, 1129, 1131, 1132, 1135, 1137 to 1139, 1141, 1145 to 1147, 1149, 1150, 1152, 1154 to 1156, 1158, 1133, 1126, 1148, 1144, 1153 and 1157. . . . . 4095—4123

Short Notice Question No. 8. . 4124—25

Written Answers to Questions—

Starred Questions Nos. 1127, 1128, 1130, 1134, 1136, 1140, 1142, 1143 and 1151. . . . . 4125—28

Unstarred Questions Nos. 605 to 618. . . . 4128—34

COLUMNS

FRIDAY, 26TH AUGUST 1955—

Oral Answer to Question—

Starred Questions Nos. 1159 to 1161, 1164, 1167, 1168, 1170, 1171, 1173, 1175, 1178, 1181, 1184, 1185, 1189, 1190, 1194, 1195 and 1196. . . . . 4135—64

Correction of Answer to S.Q. 1164. 4161

Written Answers to Questions—

Starred Questions Nos. 1162, 1163, 1165, 1166, 1169, 1172, 1174, 1176, 177, 1179, 1180, 1182, 1183, 1186 to 1188, 1191 to 1193, and 1197 to 1203. . . . . 4165—75

Unstarred Questions Nos. 619 to 636. . . . . . . 4175—82

TUESDAY, 30TH AUGUST, 1955—

Oral Answers to Qusetions—

Sarted Questions Nos. 1204 to 1206, 1211, 1212, 1214 to 1216, 1221, 1224 1228, 1231, 1232, 1234 to 1239 and 1241. . . . . 4183—4214

Written Answers to Questions—

Started Questions Nos. 1207 to 1210, 1213, 1217 to 1220, 1222, 1223, 1229, 1230, 1233, 1240, and 1242 to 1254. . . . . . 4214—25

Started Questions Nos. 637 to 668. . . . . . 4225—40

WEDNESDAY, 31ST AUGUST, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1255, 1256, 1258, 1262 to 1264, 1266, 1268 to 1270, 1272, 1274 to 1277, 1279 to 1283, 1288 to 1920, 1292, 1293, 1295 to 1299, 1301, and 1302. . . . . . 4241—71

Written Answers to Questions—

Starred Questions Nos. 1257, 1259 to 1261, 1265, 1267, 1271, 1273, 1278, 1284 to 1287, 1291, 1294 and 1300. . . . 4271—76

Unstarred Questions Nos. 669 to 679. . . 4276—80

THURSDAY, 1ST SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1303, 1306, 1307, 1309, 1310 to 1312, 1315, 1317, 1318, 1320, 1322 to 1324, 1326 to 1330, 1341, 1331, 1333, 1335 to 1337, 1340 and 1342. . . . . 4281—4310

Written Answers to Questions—

Starred Questions Nos. 1304, 1305, 1308, 1313, 1314, 1316, 1319, 1321, 1325, 1334, 1338, 1339 and 1343 to 1345. . . 4311—16

Starred Questions Nos. 680 to 701. . . 4316—24

FRIDAY, 2ND SEPTEMBER 1955

Oral Answers to Questions—

Starred Questions Nos. 1346 to 1355, 1359 to 1362, 1364, 1365, 1367 to 1374, 1376, 1378 to 1383 and 1386 . . . . . . 4325—57

Short Notice Question No. 9. 4357

Written Answers to Questions—

Starred Questions Nos. 1356 to 1358, 1363, 1366, 1377, 1384, 1385, 1387 to 1391 4358—62

Unstarred Question Nos. 702 to 740 . . . 4363—80

SATURDAY, 3rd SEPTEMBER, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 1394, 1403, 1395 to 1397, 1399, 1400, 1404 to 1407, 1409, 1410, 1413, 1414, 1416, 1418, 1419, 1423, 1424, 1425 to 1428, 1430, 1392 and 1412. . . . . 4381—4409

Written Answers to Questions—

Starred Questions No. 1398, 1391, 1401, 1402, 1408, 1411, 1415, 1421, 1422, 1425, 1429 and 1431. 4409—14

Unstarred Questions Nos. 741 to 753. . 4414—18

MONDAY, 5TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1433, 1436, 1437, 1440, 1441, 1443, 1444, 1447, 1448, 1450 to 1453, 1455, 1456, 1458, 1459, 1461, 1464, 1438, 1446 and 1449. . . . 4419—42

Written Answers to Questions—

Starred Questions Nos. 1432, 1434, 1435, 1439, 1442, 1445, 1454, 1457, 1460, 1462, 1463 and 1465. . . . . .4442—46

Unstarred Questions Nos. 754 to 780. 4442—58

TUESDAY, 6TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1466, 1467, 1469 to 1471, 1474 to 1481, 1485, 1486, 1488 to 1494, 1496, 1498 to 1500, 1502, 1503 and 1505 to 1507. . . . . . 4459—92

Written Answers to Questions—

Starred Questions Nos. 1468, 1472, 1473, 1482, 1483, 1484, 1487, 1495, 1497, 1501, 1504 and 1508 to 1515. . . . . 4492—99

Unstarred Questions Nos. 781 to 810, 812 and 813 4499—4514

WEDNESDAY, 7TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1516 to 1522, 1524 to 1527, 1547, 1528 to 1533, 1536, 1537 and 1539 to 1545 . . . . 4515—45

Written Answers to Questions—

Starred Questions Nos. 1523, 1534, 1535, 1538, 1546 and 1548 to 1554. 4546—49

Unstarred Questions Nos. 814 to 823 . . . . . . 4549—56

THURSDAY, 8TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1555, 1556, 1558 to 1560, 1562 to 1566, 1568, 1570, 1571, 1573 to 1576, 1578 to 1583, 1585, 1587 to 1589, 1591 and 1592 4557—90

Written Answers to Questions—

Starred Questions Nos. 1557, 1561, 1567, 1569, 1572 1577, 1584, 1586, 1590 and 1594 to 1596. . . . . 4590—95

Unstarred Questions Nos. 824 to 841. 4595—4604

FRIDAY, 9TH SEPTEMBER, 1955— COLUMNS

Oral Answers to Questions—

Starred Questions Nos. 1597, 1598, 1600 to 1606, 1610 to 1613, 1615, 1620, 1622 to 1625, 1627 to 1630, 1632 to 1639 and 1641. 4605—38

Written Answers to Questions—

Starred Questions Nos. 1599, 1607 to 1609, 1614, 1616, 1618, 1619, 1621, 1626, 1631, 1640 and 1642 to 1653. . . . 4638—48
Unstarred Questions Nos. 842 to 874. 4648—64

MONDAY, 12TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1654 to 1657, 1661, 1663, 1666, 1667, 1669, 1671, 1673, 1675, 1677 to 1680, 1682, 1684, 1685, 1668 and 1659. 4665--88

Written Answers to Questions—

Starred Questions Nos. 1658, 1660, 1662, 1664, 1665, 1670, 1672, 1674, 1676, 1681, 1683 and 1886 to 1688. 4689—94
Unstarred Questions Nos. 875 to 884. 4694—98

TUESDAY, 13th SEPTEMBER, 1955—

Written Answers to Questions —

Starred Questions Nos. 1689 to 1718 . . . . . . 4699—4710
Unstarred Questions Nos. 885 to 902 , 904 and 905 . . . . 4711—22

WEDNESDAY, 14TH SEPTEMBER, 1955—

Written Answers to Questions—

Starred Questions Nos. 1719 to 1787 . . . . 4723—55
Unstarred Questions Nos. 906 to 941 . . . . 4755—70

THURSDAY, 15TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1790 to 1792, 1794 to 1801, 1803 to 1811, 1813 to1816, 1819 to 1821 and 1788 . . . . 4771—4800

Written Answers to Questions—

Starred Questions Nos. 1789, 1793, 1802, 1812, 1817 and 1818. . . 4800—02
Unstarred Questions Nos. 942 to 953. . . . . 4802—08

FRIDAY, 16TH SEPTEMBER, 1955—

Oral Answers to Questions—

Starred Questions Nos. 1822, 1824 to 1826, 1828, 1829, 1831, 1832,1834, 1835, 1837, 1838, 1840, 1841, 1843 to 1853, 1855 and 1857 to 1860 . . 4809—40

Written Answers to Questions—

Starred Questions Nos. 1823, 1827, 1830, 1833, 1836, 1839, 1842, 1854, 1856 and 1861 to 1867 . . . . 4840—46
Unstarred Questions Nos. 954 to 976 and 978 to 991 . . . . . 4846—62
INDEX . . . . 1—161

LOK SABHA DEBATES

(Part II—Proceedings other than Questions and Answers)

LOK SABHA

Thursday, 8th September, 1955

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER *in the Chair*]

QUESTIONS AND ANSWERS

(*See Part I*)

12 NOON

BUSINESS ADVISORY COMMITTEE

TWENTY-FOURTH REPORT

The Minister of Parliamentary Affairs (Shri Satya Narayan Sinha): I beg to move:

> "That this House agrees with the Twenty-fourth Report of the Business Advisory Committee presented to the House on the 7th September, 1955."

Mr. Speaker: Motion moved:

> "That this House agrees with the Twenty-fourth Report of the Business Advisory Committee presented to the House on the 7th September, 1955."

Shri Kamath (Hoshangabad): May I make a brief observation? I am not opposing or questioning the allocation of time, because that point was settled by the House last time, but I am confining my observation to paragraph 3 of this Report. It is a new feature which was not in the last report. In the last Parliament you had once ruled that so far as dispensing with the Question Hour was concerned, it would require the unanimous consent of the House, and for that I was, and am still, grateful to you. But now from this paragraph 3 of the Report, it appears that on two days, the 13th and 14th September, the Question Hour is proposed to be dispensed with. There was also a useful convention which had grown in the last Parliament: in case the Question Hour was dispensed with, those questions were either put back or forward to some other days on which there was no scheduled Question Hour. Here we will have the same facility and convenience on the 10th and 24th. I do not want to interfere with the 17th because it is an important day for discussing the international situation. It should be wholly occupied with that matter. But there is no question Hour scheduled on the 10th or the 24th. I would therefore request you in the same spirit that animated you in the last Parliament that these questions for the 13th & 14th may be put back and forward on the 10th and 24th.

Mr. Speaker: I am not quite clear as to whether there was a practice of transferring the Question Hour wholesale from one day to another. I shall have to get the matter verified. Anyway, we have to remember that we are progressing further and further, and more and more business is coming before the House. The hon. Member will see that the House used to sit for five hours. It is now usually sitting for six hours, and sometimes it has to sit for seven hours. So, we are now having a new type of convention that, wherever it is necessary to make up the time, it is a question of balance between foregoing the question hour—in which, after all, all questions are not necessarily put through and hon. Members are not also present to put the questions

[Mr. Speaker]

which they table—and the allotment of time to be taken up in the discussions in the House on the various Bills and other subjects that come for debate. But it would be seen that the Business Advisory Committee also is keen, so far as possible, not to drop the Question Hour.

Shri Kamath: That is very good.

Mr. Speaker: But, after all, it becomes necessary sometimes to make up the time. Unless hon. Members are prepared to lessen the time of discussion, how is it possible to find time? Therefore, with great reluctance the suggestion is made, and the old convention does not stand now for the simple reason that it was a convention when there was no Business Advisory Committee. Now, the Business Advisory Committee which represents the entire House takes all points of view into consideration and comes to a conclusion. The report is before the House. The House may accept or reject the report. If the House accepts the report, then it becomes an order of the House and then even the Speaker, I do not think, has got any option of going against the order of the House and substituting the Question Hour on a particular date on which it is suggested to be dropped. That is the position. The answers given, however, will go into the debate, of course, as all answers go even in the case of those questions which are not put by Members.

Shri. Kamath: On a point of elucidation and enlightenment by you, are you in a position to assure the House that you still hold to the view that Question Hour is of tremendous importance in parliamentary procedure, business and life. Except for extraordinary reasons it should not be dispensed with. I am not questioning the allocation of time. I am prepared to sit for one hour longer. Do not drop the Question Hour please. Have it on some other day.

Mr. Speaker: So far as he wants to know my personal opinion, I do not think there is any occasion for expressing personal opinion on this question, but it has been conceded by all that the Question Hour is a very important hour, and it is therefore that I said that, so far as possible the Business Advisory Committee is not in favour of dropping the Question Hour. But it is only when there is no other alternative that the Question Hour is suggested to be dropped, and that is in itself an "extraordinary circumstance" in the words of the hon. Member.

Shri. Kamath: My last suggestion is that the 10th and 24th are blank days so far as Question Hour is concerned, and so we can easily......

Mr. Speaker: The hon. Member will see that, if time is taken on the 24th or any other day on which there is no Question Hour previously fixed, we take one hour each day from the total time of allotment and if he considers the total allotment he will find that we are practically running short of the time. The Business Advisory Committee, I may assure him, has taken that into consideration; and therefore, finding no other way out of it, had to suggest dropping of the Question Hour to make up the time. The other alternative for the Members will be just to curtail all the debates and then of course make room for two hours. In the course of time, we will see if it is possible.

Shrimati Renu Chakravartty (Basirhat): Could I just ask you whether it is possible, after we pass the report, to also take up the priorities which will be fixed, the sequence of the business which will be taken up so that the level of debate and the work for the rest of the session may be decided?

Mr. Speaker: Yes, I think it will be possible.

Shri Satya Narayan Sinha: We are going to give them.

Shri Kamath: When you are satisfied that it was done in the last Parliament, would you kindly agree to this putting backward or forward the questions ?

Mr. Speaker: This was done, but not in this Parliament as I said. This Parliament is marching forward and not backwards.

The question **is:**

> "That this House agrees with the Twenty-fourth Report of the Business Advisory Committee presented to the House on the 7th September, 1955."

The motion was adopted.

COMPANIES BILL—*contd.*

New clause 460A and clause 516.

Mr. Speaker: Yesterday the House disposed of the previous group of clauses consisting of clauses 424 to 555 excepting the new clause 460A and clause 516. Out of the 5 hours allocated for this group, about one hour has been taken. After the disposal of clauses 460A and 516, the House will take up the next five groups of clauses 556 to 559, 560 to 576, 577 to 585, 586 to 603 and 604 to 609, for which half an hour, one hour, half hour, two hours and half an hour respectively have been allocated. After the disposal of these groups the House will take up the next group. I propose to take all the groups together, and the consolidated time will be......

Shri K. K. Basu (Diamond Harbour) *rose—*

Mr. Speaker: The hon. Member is not in order.

The Minister of Revenue and Civil Expenditure (Shri M. C. Shah): Clauses 556 to 609 may be taken up together.

Mr. Speaker: That is what I am saying. The five groups 556 to 609 will be taken together.

Hon. Members who wish to move their amendments to these clauses will kindly hand over the numbers of their amendments, specifying the clauses to which they relate, to the Secretary at the Table within 15 minutes.

Mr. Speaker: The hon. Member Shri Basu wants to say something.

Shri K. K. Basu: I wanted to make the same suggestion—about the five groups being taken together.

Shri. M. C. Shah: Yesterday it was circulated—I mean Clause 460A— and it may be taken up first.

Mr. Speaker: So we take up clauses 460A and 516, as they go together; first, and then go to the other groups of clauses.

Shri M. C. Shah: In regard to clause 516 yesterday I promised Shri Kamath that if possible we would have a redraft, and therefore we have proposed clause 516A accepting what the hon. Member has stated in that clause—that is 516. We have already circulated this new clause 516A and, if necessary, I will read it out.

Mr. Speaker: I believe he is moving now for taking into consideration new clause 460A and clause 516.

Shri. M. C. Shah: To clause 516 there was an amendment by Shri Kamath—amendment No. 1129—and we had assured him that we accepted the principle and that we would redraft it as the language was no proper. We have tried to do that. That amendment cannot come in clause 516. So, instead of that we have circulated new clause 516A wherein all that he wanted has been embodied.

Mr. Speaker: Has that amendment been circulated to Members?

Shri M. C. Shah: Yes, we have circulated it. It may be taken up afterwards......

Mr. Speaker: That is exactly what I was asking about. I wanted to have the position cleared. He proposes to have a new clause in place of the old one. (*Interruption*) Let him hear me out.

An Hon. Member: He is out of order.

Mr. Speaker: His position was that Shri Kamath had moved an amendment to the original clause No. 516.

[Mr. Speaker]

The hon. Minister assured him that he accepted the principle, but as he could not fit in the language of the amendment he had chosen to redraft clause 516, incorporation the principle of the amendment of Shri Kamath, and he now moves or wishes to move clause 516A. That is a new clause and that has to come in the form of an amendment. Now, that is not circulated to the House.

Shri M. C. Shah: I think it will be circulated just now. I am sorry, I thought it had been circulated.

Mr. Speaker: The whole position therefore is, it not being circulated—I am not going to over-rule it, I may assure him—but it requires the permission of the Chair to enable the hon. Member to move the amendment which is not circulated to the House.

I would suggest that he may show the new clause 516A to Shri Kamath. —I am mentioning him specially because it was at his instance, as the hon. Minister said, that he has redrafted clause 516 into clause 516A—and, whether Shri Kamath agrees or not, just hear what his suggestions are if he has to suggest any improvements, and then he may move in such form as he finally decides—"he" means the Minister and not Shri Kamath.

I am giving him permission to move that.

Shri Kamath (Hoshangabad): Thank you, Sir.

Shri M. C. Shah: Shri Kamath had left it to us.

Mr. Speaker: Whatever it is. That is a matter between the hon. Minister and Shri Kamath. Now he may.....

Shri Tulsidas (Mehsana West): May I seek one more clarification? Is clause 516A going to be what Shri Kamath has given, or something else?

Mr. Speaker: What I would propose is this. There is time now. Steps will be taken just now to circulate it to the Members within half an hour or three-fourth of an hour. It will be in the hands of Members and then it will be discussed.

Shri M. C. Shah: In regard to new clause 460A I had already explained the position yesterday and I had taken the permission of the Chair to move that amendment. It has already been circulated; the number of the amendment is 1145.

(PANDIT THAKUR DAS BHARGAVA *in the Chair*)

I had explained the reason why the new amendment was introduced, and I do not think I should take the time of the House in repeating the same. Still, in order to enable those hon. Members who might not have been present yesterday to understand it would just explain why that amendment has been moved.

The new clause 460A corresponds to section 250 of the English Act and specifically gives power to the Government to see that the liquidator exercises his power and performs his duties properly. Otherwise a cantankerous liquidator may argue that he is accountable only to the court. He may not care even if he is removed from his appointment of official liquidator. He may have lined his pockets adequately already. Therefore, in order to have control over the official liquidator we have moved this amendment.

Shri. K. K. Basu: I only want to know what will happen if there is a conflict of authority between the court and the Government, because I am not sure about the position. It is one thing to ask for certain information, but is seems the idea is different. Is it only restricted to getting information? The provision "The Central Government may also direct a local investigation to be made of the books and vouchers of the liquidators" is all right. But if the Central Government finds that a particular liquidator has not acted as they wish, what will happen then? I am not sure whether it is only restricted to getting the information or something more.

Shri M. C. Shah: So far as the administrative part is concerned he will be under Government control. So far as the judicial matters are concerned he will be under the court. We do not want to oust the jurisdiction of the court, and we cannot. He will be under the court. There will be dual control so far as the official liquidator is concerned.

Shri K. K. Basu: I do not know. The hon. Minister refers to judicial and administrative parts. The point is simple. Government appoints the court liquidator who is a permanent official. Apart from that it is open to the court to have liquidators other than the Government liquidators. In those cases what will happen? Even in the case of the court liquidator, who is a permanent official, appointed by the Central Government, that is the position. Will there not be some conflict of jurisdiction? From the little experience which we had after the Banking Companies Act in some cases it seemed it was rather difficult for the liquidator to act. Often there is a conflict between the attitude of the court and that of the Government.

What I would like to know is, if the Government's intention is to have an overall control other than getting the information, then I think the clause as drafted does not fully satisfy the position, because there is the likelihood of conflict arising with the court on certain matters. Juridically it may be that the court may deal with the judicial matters. In winding up proceedings the court may give certain directions in the performance of observance of which it may be that in some cases the officer may come in conflict with the attitude of the Government. In those cases what will happen?

Under the Banking Companies Act, after a liquidator is appointed, as happened in Calcutta, it is sometimes very difficult for the court liquidator to act, in the sense that he, being appointed by Government, naturally comes to certain conclusions; but the court gives certain directions and if he does not follow those directions the court can remove him. What will happen then, unless the court appoints another liquidator?

I would like to know if the intention of the Government is this, namely, only to get certain information and to initiate an enquiry about certain matters on which either the creditor or somebody moves the Government—in which case it may suffice. But if the intention is to have more power, I do not think the clause satisfies the object. As I said, I am not sure, but that is a doubt which I am raising.

Shri C. C. Shah (Gohilwad—Sorath): May I say a word on this clause? This clause falls into three portions. Under sub-clause (1), it is provided that where a liquidator does not perform his duties or any complaint is made as regards his conduct, the Central Government shall cause an enquiry to be made into the matter and 'take such action thereon as it may think expedient'. That action, I conceive, would be to move the appropriate court for taking action either for the removal of the liquidator, or for such action against him as may be necessary, because the Central Government themselves obviously cannot remove the liquidator, he having been appointed by the High Court. So, the first part of this clause is only as regards the duties which are cast upon the liquidator and which he may fail to perform.

The second and the third subclauses are with regard to the actions to be taken by the Central Government themselves. Where any enquiry in relation to any winding up is to be made, then the Central Government may ask the liquidator to give information, and if he does not do so, then the Central Government can apply to the court to examine him or any other person concerning the winding up. There again, the Central Government have to apply to the court for examination.

[Shri C. C. Shah]

The third sub-clause provides that the Central Government may themselves direct an investigation to be made into the books and vouchers of the liquidator, and if as a result of that investigation Government are satisfied that any action is required to be taken against the liquidator, then Government will have to apply to the court under the appropriate provisions of law.

Shri K. K. Basu: But is that the attitude of Government in regard to the expression 'to take such action as it may think expedient"? If the intention is that Government will represent their case before the court and the court will decide the issue, then that is quite different. But from what the hon. Minister tried to explain, it seemed as if Government wanted to take action by themselves, if they thought that the court liquidators were not acting satisfactorily. That is the point I would like the hon. Minister to clarify.

Mr. Chairman: That point of clarification has not been answered so far. If the view of Government is as has been expounded by Shri C. C. Shah, then that is all right. That view is that the removal of the liquidator can only be by the court, because it is the court that has appointed him, and Government only want to take such action and bring it to the notice of the court if there is any lapse on the part of the liquidator. If that is the view of Government, then there is no conflict. I would like to know what the view of Government is.

Shri M. C. Shah: On what point?

Mr. Chairman: On this point which I have just mentioned. If, as Shri C. C. Shah has explained, in case there is any lapse on the part of the liquidator, Government want to see that the man is removed and therefore they go to court and ask the court to take some action for that purpose, then there is no conflict. But if under this phrase 'take such action as it may think expedient', Government themselves want to remove that liquidator, then I am afraid there will be conflict between the court appointing him, and Government. That is the point on which clarification is sought.

Shri M. C. Shah: The removal of the liquidator will be done by the court.

Shri C. C. Shah: Under clause 521, the power to appoint or remove liquidators rests with the court. So, obviously, it is the court that will have to remove the liquidator.

Dr. Krishnaswami (Kancheepuram): May I make a submission following what you have said? The clause as it is worded is most clumsy. It gives the impression that the Central Government may take in contravention of the court's orders. I take it that the purpose of this clause is that those creditors who are relatively poor and who cannot afford the expense of going to court will make an application to Government, and then Government on their behalf might move the court for the removal of the liquidator. If that is so, then they should put in the words 'and take appropriate action before the court' and not put in the words 'such action as it may think expedient'. The later phrase is far too vague and gives too wide a power and may even be considered to be an exception to the clause suggesting that liquidators can be removed only by the court.

Shri C. C. Shah: That is the language of the English Act.

Shri K. K. Basu: I do not know what is the language of the English Act. But my personal experience is this. Under the Banking Companies Act, court liquidators were appointed in Calcutta. As a result of the amendment to that Act, all the liquidators' work has transferred to a particular person. That person being a Government official, he will naturally have a certain method of work. But the courts often direct, you cannot work in this way, you must work in that way; and that official will simply say, these are the Government rules, and so on; thus there will be a conflict between the two.

If, as my hon. friends Dr. Krishnaswami and Shri C. C. Shah have said, this clause gives power to Government only to invoke the court, and it is the court that has to remove the liquidator, then that is different. That point has been clearly put here. If that is not the case, then it may seem that Government by themselves want to take such action as they think fit, which may be more than what has been suggested by my hon. friend Shri C. C. Shah. I would like the hon. Minister to clarify the doubt that we have in this regard.

Mr. Chairman: One point is quite clear. Since it is the court that appoints the liquidator, it is not fair to the court that any other authority should be in position to remove the liquidator. So, all that would remain now is that Government would take such action as is necessary and represent the matter to the court, and the court will finally decide what action is to be taken against the liquidator. I think that is the idea, if that is the idea, then the words used here are not incompatible with that point of view. But if the idea is that Government want to see that he is removed by their own order, then I fear there will be conflict between the court and Government, for the appointing authority is the court and not Government.

Shri K. K. Basu: It is not only a question of removal; the question of suspension also may arise.

Shri M. C. Shah: The words used here are the same as those used in section 250 of the English Act, which reads as follows:

> "250. *Control of Board of Trade over liquidator in England.*—(1) The Board of Trade shall take cognisance of the conduct of liquidators of companies which are being wound up by the court in England, and if a liquidator does not faithfully perform his duties and duly observe all the requirements imposed on him by statute, rules or otherwise, with respect to the performance of his duties, or if any complaint is made to the Board by any creditor or contributory in regard thereto, the Board shall enquire into the matter, and take such action thereon as they may think expedient.
>
> (2) The Board may at any time require any liquidator of a company which is being wound up by the court in England to answer any enquiry in relation to any winding up in which he is engaged and may, if the Board think fit, apply to the court to examine him or any other person on oath concerning the winding up
>
> (3) The Board may also direct a local investigation to be made of the books and vouchers of the liquidator."

The same wording is used here also. And I do not think there has been any conifict between the courts in England and the Board of Trade.

Dr. Krishnaswami: Section 250 of the English Act follows section 249 where it is said that the liquidator shall send to the Board of Trade an account of his receipts and payments as liquidator. Is there any section similar to that section in our Act also? Since section 250 of the English Act follows section 249 which provides like this, the phrase 'such action as they may think expedient' means that they can take appropriate action on the basis of the accounts submitted.

Shri S. C. Shah: Clause 460 of our Bill relates to audit of liquidator's accounts. And this is a part of audit.

Dr. Krishnaswami: I am glad that clause 460 is there. But that is for the court only. But I am referring to section 249 (1) of the English Act.

Shri C. C. Shah: Section 249 of the English Act corresponds to clause 460 of our Bill.

Dr. Krishnaswamy: There are differences, I think. In England, they are submitted to the Board of Trade and the court, under section 249 of the English Act. But here, they are submitted only to the court.

Shri M. C. Shah: Here also, we have a similar provision in clause 460, which reads:

"........

> (3) The Court shall cause the account to be audited in such manner as it thinks fit; and for the purpose of the audit, the liquidator shall furnish the Court with such vouchers and information as the Court may require, and the Court may, at any time, require the production of, and inspect, any books or accounts kept by the liquidator."

So, it is the same thing.

Dr. Krishnaswami: May I read the relevant English section?

> "249. (1): Every liquidator of a company which is being wound up by the court in England shall at such times as may be prescribed but not less than twice in each year during his tenure of office, send to the Board of Trade, or as they may direct, an account of his receipts and payments as liquidator."

Shri M. C. Shah: That provision is contained here in clause 460 (1), which reads:

> "(1) The liquidator shall, at such times as may be prescribed, but not less than twice in each year during his tenure of office, present to the Court an account of his receipts and payments as liquidator."

Shri Jhunjhunwala (Bhagalpur Central): That is to the court, and not to Government.

Shri K. K. Basu: In our case, the accounts etc. are submitted to the court under this Bill, as under the existing law. So, it is the court that will have to decide. But under the English Act, as I understood Dr. Krishnaswami, the accounts are sent to the Board of Trade. So, their scheme is completely different from ours. Unless we make our scheme the same as theirs, there is the likelihood of a conflict arising between the court and Government experience of the liquidation of banking companies has shown that in some cases, minor conflicts have arisen between the court and the liquidator and Government. So, we only urge that the position must be made clear. We are not objecting to the principle of this clause. We only want that the position must be made clear.

Mr. Chairman: As long as the appointing authority is the court, the final word will be that of the court in the matter of the removal of the liquidator. In that case, anything that Government want may be represented by them to the court, and the court will issue the final orders. If that is clear, then there will be no difficulty.

Dr. Krishnaswami: That is all right. But what I am saying is there is a purpose in the English Act for putting the phrase 'such action as they may think fit'. There the accounts have to be presented both to the Board of Trade and the court. Here it has to be presented only to the court.

Mr. Chairman: Then it means that no conflict is likely to arise. Government have nothing to represent to the court, if the accounts have to be presented to the court and the court has to decide the matter. So far as Government are concerned, in that respect, Government do nothing. Government can have cause for complaint in regard to other matters which they will represent to the court. The court will finally decide how far the liquidator has gone wrong.

Dr. Krishnaswami: I would only like that position to be made clear, and not say here, such action as they may think expedient.

The Minister of Finance (Shri C. D. Deshmukh): Such action as they think expedient within the limits of the authority assigned to the court and to the Central Government. There are certain things for which the Central Government are responsible. For instance, under clause 446, the appointment of the liquidator is by the Central Government. On the other hand he has to carry on his work under the guidance of the High Court. Now, therefore, when we make inquiry and find out that a certain action is to be taken, if the man fails within the scope of the authority of the court, we will draw the court's attention to it. If, on the other hand, it is a question of dismissing him or anything like that, it will be governed by the general rule of the authority which appoints him.

Mr. Chairman: I thought the hon. Member, Shri K. K. Basu, went on discussing this question on the assumption that the official liquidator was appointed by the court, the High Court. It was on that basis that the point was made that conflict might arise if the appointment is to be made by the Central Government, there is no doubt that the Central Government are the final authority so far as dismissal etc. is concerned.

Shri C. C. Shah: There is a misconception. An individual will be appointed by Government to act as official liquidator who is to be attached to a particular court. But the appointment of that individual as a liquidator of a particular company shall be made by the court. It is in this way. For example, a subordinate judge is formally appointed by the Government, but he functions under the High Court. So the individual as an individual, as official liquidator, is appointed by the Central Government, but that individual as liquidator of a particular company will be appointed by order made by the court. Therefore, the Central Government cannot remove him as liquidator of that company, he having been appointed by the court. That will be contempt of court.

Mr. Chairman: I think there is no occasion for any conflict at all. So far as his appointment as official liquidator and orders to be obeyed by him in that connection are concerned, he is certainly subject to the jurisdiction of the Government, and in regard to the companies committed to his care by the court, the court shall have the final say.

Now, I will put amendment No. 1145 to the vote of the House.

Mr. Chairman: The question is:

Page 223—

after line 43, *insert*:

> "460A. *Control of Central Government over liquidators.*—(1) The Central Government shall take cognisance of the conduct of liquidators of companies which are being wound up by the court, and, if a liquidator does not faithfully perform his duties and duly observe all the requirements imposed on him by this Act, the rules thereunder, or otherwise, with respect to the performance of his duties, or if any complaint is made to the Central Government by any creditor or contributory in regard thereto, the Central Government shall inquire into the matter, and take such action thereon as it may think expedient.
>
> (2) The Central Government may at any time require any liquidator of a company which is being wound up by the Court to answer any inquiry in relation to any winding up which he is engaged, and may if the Central Government thinks fit, apply to the Court to examine him or any other person on oath concerning the winding up.
>
> (3) The Central Government also direct a local investigation to be made of the books, and vouchers of the liquidators."

The motion was adopted.

New clause 460A *was added to the Bill.*

Mr. Chairman: So far as new clause 516A is concerned, has the amendment been circulated?

Shri M. C. Shah: It will be circulated.

I beg to move:

Page 241—

after line 37, *insert*:

"516A. *Application of Official liquidator or liquidator to Court for Public examination of promotors, directors, etc.*—(1) The official Liquidator or liquidator may make a report to the Court stating that in his opinion a fraud has been committed by any person in the promotion or formation of the company or by any officer of the company in relation to the company since its formation and the Court may after considering the report, direct that person or officer shall attend before the Court on a day appointed by it for that purpose, and be publicly examined as to the promotion or formation or the conduct of the business of the company, or as to his conduct and dealings as officer thereof.

(2) The provisions of sub-sections (2) to (11) of section 475 shall apply in relation to any examination directed under sub-section (1) as they apply in relation to an examination directed under sub-section (1) of section 475 with this modification namely, that when the person making the report under sub-section (1) is liquidator, references in sub-sections (2) to (11) aforesaid to the Official Liquidator shall be construed as references both to the liquidator and to the Official Liquidator."

Cyclo-styled copies will be distributed to hon. Members very shortly.

Clauses 556 to 609

Mr. Chairman: The House will proceed with consideration of clauses 556 to 609.

Shri Kamath: I request that time reckoning may start from now—4½ hours from now, excluding the 5 hours.

Dr. Krishnaswami: We can be very liberal now.

Shri C. D. Deshmukh: I am moving the amendments against these clauses which stand in my name. The important one starts from clause 613.

Shri Tulsidas: But we are not taking clause 613 now.

Shri K. K. Basu: We are discussing only up to clause 609.

Shri C. D. Deshmukh: Then I have no observations to make. I have moved the amendments. It is not necessary to make any observations. It is my practice to make observations in regard to important amendments. In this group of clauses, I have not marked any as particularly calling for any observations. This is so as not to trench on the time of hon. Members.

Shri M. S. Gurupadaswami (Mysore): My amendment is No. 1143. This is an amendment for a new clause at the end of this group of clauses.

Shri M. C. Shah: May I draw your attention to amendments Nos. 869 and 870 to clause 292, which relate to the same subject, and which were disposed of by the House?

Shri M. S. Gurupadaswamy: It is not the same. They related to board of directors; this refers to a different matter altogether. Here the matter is that no company should make any contribution or donation or gift to any political party or any political organisation. That is the purport of this amendment. The amendment reads as follows:—

> "No company incorporated under this Act or any earlier Act shall after the commencement of this Act make any contributions, donations or gifts (by whatever name called) to any Central, State or local political funds or to purses for political leaders or for any political purpose.

> Every officer of the company who contravenes the provisions of sub-section (1) above shall be liable to imprisonment for a term which may extend to one year or a fine which may extend to thousand rupees or both".

Shri G. D. Somani (Nagaur-Pali): Not even with the consent of the company?

Shri M. S. Gurupadaswamy: No. This is for the benefit of the companies and those who manage those companies. I know that the board of directors and managers are all put to a lot of pressure, particularly during the time of election, and they feel very delicate and very difficult to say 'no' to the demands of political leader. So with a view to save them from this harassment or political pressure from political parties and leaders, I have brought in this amendment. Apart from the humorous side of it, it must be taken very seriously by the hon. Minister, because in the past political parties have committed many wrongs in this respect.

Shri K. K. Basu: Not all political parties.

Shri M. S. Gurupadaswamy: Let us include all political parties; otherwise, my Congress friends will be offended. Political parties have been responsible for collection of huge sums of money from companies for political purposes. I deem it a very bad development, and if you allow this tendency to grow, we will be subjecting our politics to the influence and pressure of businessmen; we will also be subjecting businessmen to pressure and all sorts of harassment, and it may lead to certain cases of undesirable alliances between business houses and political parties. With a view to prevent all these ugly developments, I have brought in this amendment and I feel it very important that we should incorporate this in the Bill. We are aware that even in Parliament here—I speak with a little restraint—there is a powerful 'property lobby' in existence. It is natural for powerful property interests, vested interests, labour interests and others to put pressure on Members of Parliament. In America it is an offence even for a labour organisation to contribute to the funds of or give donations to political parties. Labour Unions have been prevented from giving donations. I agree with this point of view. No organisation in this country, connected with business or labour, should be allowed to make any contribution or donation to political parties. Political parties should get their funds from subscription money, from money raised through collections made from the ordinary people who are not connected with any big business or any trade union. By doing this, we will be saving politics from pressure groups. There will not be property lobbies in Parliament.

In western democracies the greatest disturbance to democracy is the existence of property lobbies. By giving enormous funds to political parties, business house and businessmen have been able to wield a lot of influence over Members of Parliament. It is often said that the laws in western democracies are made in the chambers of lawyers, in the chambers of businessmen and clubs and cafeterias. That should not happen in this country. We must take adequate precautions to see that such ugly developments are not allowed to entrench on our politics. We want to democratise our politics and in order to democratise politics we must democratise the politics of political parties. In order to do that we must see that the strength of political parties does not depend upon the purse of the rich. The incorporation of such an amendment in the provisions of the Bill would only be an attempt to achieve that object. This is a very harmless but important amendment, though it may be opposed by some of the Members that it is too much of a restriction on business houses and too much of restraint on the activities of businessmen. But, I must say that from point of view of the purity of democracy we must have such a provision. I may point out that in America....

Shri Barman (North Bengal—Reserved—Sch. Castes): On a point of order. I want to point to rule 118, sub-clause (ii). That is:

> "An amendment shall not be inconsistent with any previous decision of the House on the same question."

Exactly, the same matter was raised by Shri K. K. Basu, Shri P. N. Punnoose and Shri Sadhan Gupta in amendment No. 803, to clause 292. It was:

Page 151, line 24—

add at the end:

> "Provided that no such contribution is to be made to an institution with which any Minister and any political party or its leader is connected unless it is passed unanimously in a general meeting."

Then again, Shri Gurupadaswamy himself tabled an amendment—of course that amendment was that such contributions to political parties should be mentioned in the report of the company. That was, of course, in the opposite direction.

Shri M. S. Gurupadaswamy: May I point out....

Mr. Chairman: Let him finish.

Shri Barman: There was another amendment of the same nature by Shri Trivedi, amendment No. 870. That also related to contribution to political parties. All these were defeated.

Mr. Chairman: Kindly read the amendment of Shri Trivedi also.

Shri Barman: That amendment reads as follows:

Page 151, after line 24, *insert*:

> "(f) contribute moneys, after the commencement of this Act, to any political party, to purses to be presnted to any political leaders or for any political purpose."

The substance is that no contribution should be made for any political purpose to any political party or to any party with which any political leader is connected. The present amendment also relates to the same thing.

There is some other point also which I want to raise in this connection.

Shri Kamath: Another point of order, Sir. There is no quorum in the House and no point of order can be raised.

Mr. Chaiman: Let me just count.

Shri Kamath: My estimate is, it is 35.

Mr. Chairman: Yes; there is no quorum; the bell is being rung.

Now, there is quorum.

Shri Barman: The other point that I want to place before this House is this. Under rule 118, an amendment shall be within the scope of the Bill and relevant to the subject-matter of the clause to which it relates. I want to point out in this connection that the amendment proposed is new clause 609A. It must relate to the subject-matter of this chapter or to the subject-matter of any particular clause. There is no substantial clause in this chapter whereby any obligations are imposed on the companies so far as their finances are concerned. The whole chapter relates to companies incorporated outside India, provisions as to establishment of places of business in India, registration of offices and officers and fees and so on. Nowhere are we regulating or controlling any memorandum or articles of association of these foreign companies.

So far as the contribution is concerned, it directly relates to the fund of the company. In this chapter it is only formal things that we are imposing upon foreign companies to report to the Government. It does not relate to the subject as to how its fund will be controlled or regulated.

The amendment proposed for the insertion of clause 609A is not directly related either to this chapter or to any particular clause. In that way also it is not in order. That is my submission.

Shri M. S. Gurupadaswamy: The amendment moved to section 292 is with regard to the restrictions on the powers of the Board. The present amendment is an amendment with regard to the powers of the company —whether the company should have power to make contributions or donations or gifts to plitical parties. Section 292 deals only with the restrictions on the powers of the Board. So, these two are different. Here it is a completely new section. but in the previous case it is only with regard to the powers of the Board. and the restrictions that should be placed on those powers, and it deals with the point whether the Board of directors should take the consent of the general body when making contributions or donations to political parties. Here I say that no company should make any contribution to political parties. That is the main difference and so I may be allowed to continue my speech.

Mr. Chairman: There are two objections. First, this amendment is inconsistent with the decision already taken by the House, and secondly, section 609A is not relevant to this chapter or to the provisions we are dealing with. The hon. Member has not replied to the second part of the objection.

Shri M. S. Gurupadaswamy: With regard to the second point, section 609 deals with the returns that the company should file with the Registrar, but section 609A, that is my amendment, deals with the company's right of giving contribution.

Mr. Chairman: The question is whether it is the relevant or appropriate place. So far as the powers of the Board and company are concerned in regard to donations, etc., they were declared in other relevant sections. The hon. Member argued that it is not relevant in this chapter.

Shri M. S. Gurupadaswamy: I say it is appropriate, because section 609 deals with returns that the company should file with the Registrar and the penalties provided for not filing the returns. But my amendment deals with the contributions made by companies to political parties. They are inter-allied. Section 609 deals with the returns to be filed by the companies with the Registrar and this amendment deals with the question of prohibiting companies from providing funds for political parties or political organisations. I submit, therefore, that it is quite appropriate and it may be discussed.

Mr. Chairman: Clause 609 relates to the enforcement of the duty of companies to make returns etc. to the Registrar, and evidently it may not have relevancy to clause 609A although 609A may be an independent clause. The question is whether it is relevant in this chapter.

Shri Raghavachari (Penukonda): Rule 118 is referred to as the basis on which the hon. Member raises his objection. It wants the amendment to be within the scope of the Bill and not of every clause or chapter. Therefore if you wish to prohibit the amendment, then it must be opposed to the purpose of the Bill and not of every clause or chapter. That is going too far and against the spirit of the rule. That is the first thing that I submit. The whole objection is whether it is the appropriate place and not that it is not tenable. Therefore, my point is that, if the difficulty is about the appropriate place, you will see that clause 609 closes the chapter and the next chapter begins with the heading "General". So, it may be in this next chapter that the new clause is to be inserted. Therefore, my submission is that the objection does not stand.

Mr. Chairman: Rule 118 has just been discussed by the hon. Member So far as the objection goes, it has two parts. It is quite true that the word 'scope' is also used.

Shri C. D. Deshmukh: If I may make a submission....

Mr. Chairman: Just a minute please. The rule says that "an amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates." There is the other word "and" which is important. There are two parts. The hon. Member has dealt with only one part.

Shri C. D. Deshmukh: It was on that point that I was on. When we dealt with the sections on the Board's powers and the restrictions thereon, we dealt with the powers of the Board of directors and also the powers of the company. Indeed some sections begin with saying that the Board shall not do something, while some other sections say that the company shall not, except with the approval of the Central Government, make loans to directors, etc. It seems to me that that is not a power of the directors; it is a disability of the director, but the restrictions imposed is on the company. Therefore, I proceed to the conclusion that whatever we wanted to say in regard to the powers of companies and the powers of directors is contained in that particular set of provision. The problem posed before us in regard to the particular matter was: Let us restrict the powers of the Board of directors. But the hon. Member suggested: Let us give the power to the company but by unanimous resolution. It was also open to him at that time to say or to give another amendment to say that the company should not be given any such powers. Therefore, we have exhausted the subject matter at that time. If he failed to give notice of an alternative amendment, he cannot revive the matter under an entirely new head.

Shri K. K. Basu: On this point, the Finance Minister has suggested that the overall heading of these clauses is "Board's powers and restrictions thereon." In clause 292 restrictions on the powers of the Board are dealt with. Clause 291 deals with certain powers to be exercised by the Board only at the meeting; clause 293 deals with the appointment of sole selling agents which will require the approval of the company in a general meeting. Then section 294 deals with loans to directors and another section deals with the power of directors to carry on business when managing agents are deemed to have vacated office. On the whole, if you look through the whole scheme, those particular sections relate necessarily to what restrictions we should have on the powers of the Board. It is not correct to say that any restrictions we wanted to **impose on the company** itself have found their place in those provisions.

The Finance Minister made a point regarding the position or place where this particular amendment should have been moved. Objection has been taken that it had been decided by the House already and so on. There it was only said whether it had the power to do that or not. Here we want to put restrictions so that no company may get that power. In fact no company has got that power. That is the principle behind it.

1 P.M.

About rule 118, it says that the amendment shall be within the scope of the Bill. That is the first part. Then it says that it should be relevant to the subject matter of the clause to which it relates. Here it is not an amendment of clause 609; it is an amendment itself; it is a new clause that my hon. friend wants to introduce. We should, therefore, only see whether it fits in with the scheme of the chapter in which it is brought. Under rule 118, there is a provision which says that the Speaker shall determine the place in which the amendment shall be moved. Therefore, if you want, you can put in a new chapter with only one clause; it will be numbered 12 or 13. It should come before the 'general' chapter. There is such a provision and you can form a new chapter. In the next chapter there are certain restrictions put on the operation of certain clauses of this Bill with reference to certain special types of companies which are governed by special Acts. If you create a new chapter before that—chapter 12A—we can put clause 609A there and then it cannot be said that it is out of place and the arrangement may look somewhat better. I think the amendment moved by Shri Gurupadaswamy is quite correct and the objection raised by Shri Barman should not be accepted by the House.

Shri C. C. Shah: The powers of a company are determined by its memorandum; the memorandum is its charter. If in the object clauses certain things are not mentioned, the company cannot do them; if certain things are mentioned, the company can do them. That is done when we considered the clauses regarding the incorporation of the company and the memorandum. These are provisions which relate to the powers of the company. These provisions taken with clause 284 onwards to clause 290 say that the board of directors shall be entitled to exercise all such powers and do all such acts as the company is authorised to exercise so that the board exercises all the powers. They are subject to the specific restrictions mentioned in clause 292. Mr. Gurupadaswamy's amendment which relates to the power of the company is being put in the chapter that deals with Registration, etc. which is quite inappropriate.

Mr. Chairman: Two objections have been raised by Shri Barman which relate to rule 118. Rule 118(1) reads like this:

> "An amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates."

118(2) reads like this:

> "An amendment shall not be inconsistent with any previous decision of the House on the same question."

His objection was that so far as this chapter was concerned, the amendment is not germane and could not be allowed. To this a reply has been made that the amendment is within the scope of the Bill. There is no doubt that taking the Bill as a whole this amendment is within the scope of the Bill. There is absolutely no doubt about it in my mind, But another question arose because of the conjunctive "And". An amendment shall be within the scope of the Bill and relevant to the subject matter of the clause to which it relates. This amendment, therefore, is absolutely out of order and is not in tune with the rest of the clauses which we are considering and the proposal of Shri K. K. Basu that this may be treated as if it existed in a separate chapter and another amendment may be deemed to exist is hypothetical. If an amendment is given and comes to us we shall see whether it is in order or not. I have to consider facts as they are. In my opinion this amendment offends against rule 118(1).

As regards rule 118(2), I am afraid the position has not been fully realised. Shri C. C. Shah said that so far as memorandum and other matters connected with the company are concerned they have already been adopted and they formed part of the Bill. I have humbly to point out that the memorandum, etc. are all subject to the provisions of this Bill. This Bill can certainly say, as it has said in one of the clauses before, probably clause 9, that even if there is any mention in the memorandum, etc. about certain things, still, if there is a provision of the Bill in conflict with it which says that this provision will be observed and not the memorandum, this provision will certainly make the provision in the memorandum ineffective. But at the same time I do not understand the argument which has been just put forward that the House has not taken a decision by passing clause 292. The House has already taken a decision that so far as the board of directors are concerned, they are competent to contribute and there was an amendment that contribution could be upto a maximum of five per cent. If that is so, that means that the directors are competent to contribute and we have taken a decision already. Is it the hon. Member's contention that consistent with that

[Mr. Chairman]

decision it is consistent that the company cannot contribute? The contribution by the director can only be on behalf of the company.

Shri M. S. Gurupadaswamy: The board of directors may contribute upto 5 per cent or Rs. 35,000 for charities and other purposes. If this amendment is accepted that will be subject to this: there will be no contribution made by companies to political parties.

Mr. Chairman: Order, order. I am giving my ruling. The hon. Member need not interfere. I fail to understand how it is consistent with the earlier decision. The Board of directors can make contribution but the company is yet being disabled to contribute. The company is the entire master of all of things and powers the including those of the Board and others. The board of directors are not the masters to that extent. When we have said that the Board of directors can contribute, we have taken an implied decision that this can be done by the company also. The present amendment if carried will be quite inconsistent with the decision already taken by the House. I am sorry I have to rule out the amendment.

Shri N. C. Chatterjee (Hooghly): I think it was the general feeling of the House and the concensus of opinion was that it should not be utilised for party purposes or for party funds. That was meant for charities like Mahatma Gandhi's fund or Earthquake fund, etc. Everybody said that it should not be utilised for the purpose of making contributions to the ruling party or any other party in view of the proximity of election. That was the unanimous view. That point is being clarified. With great respect I think there is no inherent inconsistency between these two positions. Directors have got the power to contribute upto five per cent or an amount that we have sanctioned. Under the grab of charity contributions should not be made to a political fund or party fund. I am submitting that there is no inherent repugnancy so that I would say that we are putting a fetter on the directorate whereas there is no fetter on them now...

Mr. Chairman: The point at issue was whether we can pass an amendment whereby there could be a restriction on the powers of the company to contribute. We have already taken a decision. Now the hon. Member is making this point that if the directors can contribute they can only contribute towards charity and not towards party funds. That is not the point in issue. I am sorry I have ruled out the amendment as it is not in order.

Shri Kamath: Does that mean that contributions made to charities included donations to political parties?

Mr. Chairman: The Chair is not here to interpret or express any opinion on a matter like this. The Chair only comes to the conclusion that this amendment is out of order.

Shri N. C. Chatterjee: I may remind my hon. friends here that it should be for charity to institutions for constructive work. It must be either for charity or something of the kind. It cannot be a donation at large for any political purposes, or party purposes.

Shri C. C. Shah: If you see clause 292(e) it says: "charitable and other funds".

Shri N. C. Chatterjee: Why?

Mr. Chairman: As a matter of fact, it is for the court to interpret what is the meaning of clause 292(e).

Shri N. C. Chatterjee: Am I to understand from Shri C. C. Shah, who is a man of eminence, that "charitable and other funds" would justify contribution to a political party? (*Interruption*).

Mr. Chairman: Again, if Shri C. C. Shah makes an observation which is in keeping with the expectations of the hon. Member, this will not be binding on the House or on any other person. It is the Supreme Court alone which can interpret these words "charitable and other funds".

Shri K. K. Basu: My submission is that here the words "other funds" are qualified by the words "not relating to" etc. etc. With regard to charity we do not deny; it has been decided that 5 per cent or Rs. 25,000 can be made. But, Shri Gurupadaswamy's amendment says that it should be restricted in scope and that it should not be made to a political party. Is it your ruling that we cannot move that amendment also?

Mr. Chairman: I am sorry, I have already given my ruling on both the points raised by Shri Barman and further discussions on this are superfluous. Now, any other amendment to be moved?

Shri K. K. Basu: I have tabled several amendments including one amendment to the amendment of Shri M. S. Gurupadaswamy, but as that has been ruled out I, naturally, cannot discuss on that. My amendments are Nos. 1139, 1140, 1141 and 1142. Amendment No. 1142 deals with incorporation of new clauses 589A, 589B. and 589C. I have also given notice of an amendment to the amendment No. 1146 moved by the Finance Minister and it is for the insertion of new clause 609A.

All these chapters deal entirely with the compaines which are incorporated outside India but having their establishment here. My first amendment No. 1139 seeks to amend clause 586 which wants to make it clear that in the case of foreign companies it will include both public and private. It may be argued that in this chapter only the word "company" has been used, but in view of the scheme of the Bill we have seen that in many occasions, at many places and under many conditions the private companies are left out of the operations and, therefore, I want to make it clear that in the case of the foreign companies it will include both public and private companies. The grounds for my giving this amendment are that there are some foreign companies which are still controlled by and under the establishment of private companies and therefore, if any restrictions is placed that so far as private companies are concerned this particular clause should not come into operation, then those foreign companies may be left out of it. We know there are big companies like the Bata Company managing agents which is a private company. They control, practically, the whole organisation of the Bata shoe factories and allied organisations here. I know from my personal experience in West Bengal where there is a Chairman of the board of directors, when he is asked to do something he frankly says—he is an Indian director—that though he is Chairman he has no voice. He says: "Let the other members of the managing agents come—of Bata Company—and they are actually the men who have a voice in the administration." Therefore, it is absolutely essential that in the case of foreign companies—of course, there are much more powers to probe into the affairs of foreign companies provided for in this chapter XI—it should include all foreign companies both public and private. I know, in the case of ICI there was a dispute. You know ICI is one of the international combines and they have offices in India. They are sometimes split up in several sections or group and each group calls itself an independent company of its own. In the case of a labour dispute they tried to prove that the particular company was a subsidiary of a private company and, therefore, the books of accounts cannot be shown and that they were running at a loss. Because, as I earlier gave an example of the Bata Company, we have often seen that they sell things produced here to West Africa where the price of a unit is Rs. 60. Here the cost of production is Rs. 18 or Rs. 19 and they get only a profit on one or two rupees. But, they sell to their counterpart outside at Rs. 60 a unit and make two hundred times the profit. In the case of I.C.I. they deal with very important articles and they import chemicals from outside. Naturally they have to purchase from their counterpart out-

[Shri K. K. Basu]

side. They more or less manipulate the prices and so far as their transactions in India are concerned, they show that they are running at a loss. Sometimes their books are not looked into because they are private companies. Allegations have been made a number of times about this and intimations have been sent to the Government, but I do not know why, unfortunately, Government still thinks—as in the case of managing agencies—that this British concern, in spite of its shameful behaviour still serve the economic life of the country and that they should be allowed to continue. Therefore, knowing the behaviour of those companies I want to lay emphasis that in the case of foreign companies it should be specifically mentioned "private and public"; because, it may be construed that, as in the case of private companies, there are many exemptions and these may be applied here also because the description of private company will not possibly apply as the subsidiary company is incorporated under a different Act. We do not know what the provisions of that Act are. Therefore, I want to make the provision clear that so far as foreign companies are concerned, clause 586 must say "public and private".

Then I come to my amendment No. 1140 which seeks to amend clause 589. There is a provision which says:

> 'make out a balance-sheet and profit and loss account in such form, containing such particulars.." etc. etc.

After this provision I want to insert on page 276, at the end of line 3:

> "after they are properly audited and so certified by the auditors."

By just making a provision that they should make up a balance-sheet and profit and loss account in a particular form, they are not going to be audited under the different provisions of the Bill. They may say that we have prepared a balance-sheet and profit and loss account by our own auditors. We know all these big European concerns have got their own internal audit system. Many of them have got auditors who may not be qualified and they may be their own employees. They might draw up balance-sheets and it might be construed that, that amounts to proper compliance of section 589. Therefore, I want to make it clear that they should have these balance-sheets and profit and loss accounts of all the branches of the foreign companies working in India audited in the same way as the companies incorporated under this Bill and the documents should be audited and so certified by the auditors, whoever they may be. I want that an independent persons must look into the books of these concerns and the transactions they have in India. Therefore, I have added this provision.

Then again, in the same clause 589 I have moved my amendment No. 1141 which seeks to omit lines 4 to 8. Lines 4 to 8 say:

> "Provided that the Central Government may, by notification in the Official Gazette, direct that, in the case of any foreign company or class of foreign company the requirements of clause (a) shall not apply or shall apply subject to such exceptions and modifications as may be specified in the notification."

I cannot think how we can, in the year 1955—in Independent India—make this provision and give such an exemption in the case of foreign companies. I know the Government spokeman will always say at once that they are interested in seeing that the foreign companies do not exploit the resources of this country but that such a provision may help his country in the near future or in the distant futur in respect of industrial development of this country. What I say is that in the case of foreign companies there should be a certain minimum condition imposed on them. Otherwise, there is no point in asking them to work and giving them facilities of the kind which they used to have in the railways some 100 years ago, when many foreign companies invested money here. Because we want the industrial houses to improve, I do not agree when you say that these foreign companies should be allowed to operate here under these conditions. Some business house, a foreign firm, may like to establish its company here, and help some 200 or 300 persons by giving them jobs here and there and to be dispensed with at a moment's notice if the employer does not like them. It may be necessary in some cases—and I am willing to concede that point—that foreign firms are employed here for providing us with the technical knowhow and that too only for a restricted period with a definite scope, but even then, certain minimum conditions should be fulfilled by them. Otherwise, there is no point in their operating here.

There was a suggestion the other day that even in America and in some other countries, there is a provision that whenever a foreign concern is established in those countries, a certain number of Americans or the local nationals, as the case may be, should be taken on the board of the company, and that there is a statutory obligation to that effect. It was suggested that a similar provision should be made in this Bill also. Of course, the Finance Minister said that by indirect pressure or arrangement, it may be possible that some sons-in-law or nephews may be put on the Board of Directors of the foreign firm. He may be satisfied with that, but there must be a condition whereby we might have some Indian nationals on the Board of Directors of foreign firms in India. We are not agreeable to his proposition that in course of time we might achieve such a result even without a statutory condition in the law. What I say is, even on the question of submitting returns such as books and accounts which will give us an idea to what extent those people are exploiting the resources of our country, there should not be an exemption. It is necessary that they should fulfil certain obligations. The clause, as it is, only says:

> "(a) make out a balance sheet and profit and loss account in such form, containing such particulars and including or having annexed or attached thereto such documents (including, in particular documents relating to every subsidiary of the foreign company) as under he provisions of this Act it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting;"

I do not understand why, while the Indian companies are asked to fulfil certain obligations under the Bill, the foreign companies should be exempted from fulfilling the minimum conditions. The minimum condition only makes it obligatory on them to make out a balance-sheet or furnish certain statements which can give us an idea as to what extent they have been operating in our country and exploiting our resources. Therefore, I do not want that even the Central Government should have the power of exempting the operation of this particular clause. It may be argued that after all, the Central Government may use their discretion and that they would give the exemption only in certain cases where the exemption is justified. But I can give you instance—time will not permit me to quote the details—where we have seen that many agreements with foreign companies have not been entered into in the proper way, especially in the Parliamentary Committees. We know of a person, even Government official, —I do not disclose the names—who was connected with improper drafting of the agreement. There have been many occasions when the agreement was not properly drafted. Unfortunately, under the peculiar circumstances of the case, when we have to get a foreigner at whatever cost, certain provisions are put in just as the one now under consideration. I want this minimum provision of furnishing the balance-sheets and profit and loss accounts and certain other documents It should be a compulsory provision

[Shri K. K. Basu]

for any company, whether Indian or foreign. The Central Government should not have a statutory power under which they can exempt foreign companies.

There are three new clauses that I want to insert after clause 589. They are very simple. As you know, in many of the foreign companies, they have subsidiaries, and in the case of a comapny which is first incorporated in England, it will not give the same power to the private company who is a subsidiary of the public company under the Companies in our country. Therefore, we have seen these private companies having big selling agencies. They act in many ways which are so interlinked with the parent company and they hold a very strong position in the set-up of the particular company. We have known that in the case of jute, it is being sold in Europe at Rs. 80 though it is taken from here at Rs. 40. There are four types of subsidiaries through which it passes and the companies reap the profit. In the case of tea, the Indian business world wanted the main centre of auction to be at Calcutta and not in London. We have seen that even the price at which we get it in India is greater than that obtaining for the British people and they reap the main benefit. As I said, there are always three or four tiers and we know many of those private companies circumvent the law by many ways. The company has a particular type of book and accounts at one place. It has a different set of subsidiaries and sub-agents at Bombay. From Bombay the goods may be sent to Calcutta and from Calcutta they may send them on to another agent to East Africa. From East Africa, it may come back to Pakistan. Thus, they take the advantage of the markets in all these countries and in the international markets. Whenever you want to inspect their accounts, normally, they are not open to inspection. It is true that in most of the foreign companies, the directors are mainly foreign nationals. There may be one or two Indians who are absolutely worthless or they may be old Tories as the British Tories or just shareholders engaged in the vices and malpractices of the foreign company. We cannot have any faith in them. If you look into the list of the names on the Board of Directors of foreign companies—of course it is not the custom to read such lists—who are supposed to have taken Indian nationals, you will find that except in one or two cases, the persons are those who do not understand things. They may be retired government officials, who had served the Government for thirty years, or they may be retired zamindars, or ex-zamindars or even eminent lawyers. But that does not necessarily mean that they may be eminent business men. Naturally such a person utilises the position. The foreign companies only want to make a show that they take Indian nationals on their board of directors. After all, the person concerned might have been able to sell his shares of a possibly outmoded factory at a very high price. Indeed, there are some Indians who made tons of money during the last world war by such means, and for devising a way for investing their money, they purchased the shares of the foreign company and were thus taken to the board of directors. So, you will find that they still maintain the same hold on the economic set-up of our country which they did before 1947. My whole position is this. In the cases of these foreign companies, there are not many shareholders in India. They are very few. But we have come across many cases under the Industrial Disputes Acts, in which the employees of these foreign companies come forward with facts, and challenge the authorities of the companies. But unfortunately, whenever there is a check, the authorities employ some eminent lawyers who come and say, "the balance-sheets of the company have been sent to England or Germany; and we are not bound to disclose the facts. The books are not here" and so on. We have had many such cases before the Investigation Commission, where the books and accounts of a company are not open for inspection either by the Registrar or by anybody else. That is why I want to provide that the Government should make a statutory provision that the books and documents of the foreign companies in India shall be open to inspection by the employees.

We have been talking so much about employees' participation in the administration of companies. Our Finance Minister says that the Government has not yet definitely decided what kind of participation the employees should be given in the affairs of the company.

Shri M. S. Gurupadaswamy: On a point of order, Sir. There are only 17 Members in the House.

Mr. Chairman: The time is 1-32 P.M.

Shri K. K. Basu: I was saying that a statutory provision should be made that the employees who work in any foreign company in India shall have a right to look into the books and documents of the company without charge. We have known several cases where foreign companies have cheated the Government by not paying their dues to Government. They mention different prices to different tiers of their agency and they cheat the Government huge sums of money. Therefore I have provided that all the books should be open to inspection. It may be done either by payment of a certain fee or in any other manner as the Government may think fit. It is for the Government to frame the rules.

I have also provided that the Government should have the right to appoint auditors. I have done this after going through the evidence given before us in the Joint Committee. I do not say that by and large auditors are not honest; they are honest and they behave very well mostly. But we know fully well that though the auditors may be honest, they cannot give any opinion against the desire of the controlling authority or whoever he may be. Therefore a good suggestion was made that these services should be nationalised. The Joint Committee, rightly I believe, agreed with this suggestion. In many of the foreign companies the Central Government have found that the controlling authorities appoint as auditors some of their kith and kin. Unfortunately even the few Indian who may be appointed as auditors, if they get disproportionately large fees, join the management and hide facts, Therefore, I have provided that if the Government is satisfied, either on the application of any employee or any person connected with the company, that there is some fraud, the Government shall appoint auditors to that company. This morning we had a question regarding import and export of certain articles. We found that a particular foreign company selling a particular article to its subsidiaries in India charged disproportionately higher rates than the rates which it charges when it sells the same article to a subsidiary in some other country. Therefore, I have provided that if the Government is satisfied that there is a *prima facie* case for investigation, either on receipt of a complaint from any employee or any person dealing with the company or *suo motu* then it shall appoint auditors.

My friend, Shri Kilachand, is connected with a number of concerns. For instance, The Imperial Chemical Industries continue to quote prices in India which Mr. Kilachand knows are much higher than the prices prevailing at the producing centre, Germany or anywhere else. These companies charge disproportionately higher prices because they hold monopoly or semi-monopoly over those commodities which they sell. When the Government asks for the accounts, they give all sorts of figures. They say, "we have spent so much money on management". They bring in raw Europeans and pay them Rs. 2,000 to Rs. 3,000. In many cases, if you investigate into the affairs of these companies, you will find that an Indian who is doing all the work gets, say, Rs. 1,800. But a European, who knows nothing and who is supposed to do the same work gets Rs. 2,000 or more. At the end of the year the manage-

[Shri K. K. Basu]

ment says, "the cost of our management is Rs. 3 lakhs." Actually the work is being done by 20 Indians who are paid altogether Rs. 30,000 or so; and the remaining amount is paid to six Europeans. For instance, take soda ash. It is sold in England at £2 per unit, but the same is sold here in India at £5. They charge such a high price because they know that any purchaser in India cannot get it from any other company as they hold a monopoly or semi-monoply over it. Therefore, I have provided that there should be a right of investigation by the Government either on any application by an employee or on a complaint received from any person dealing with the company. I have said "any person dealing with company." The Government need not make the investigation if, any unconnected person makes a complaint. The Government must first of all make an initial enquiry and if they are satisfied that there is a *prima facie* case for investigation, they should appoint auditors. It so happens that the number of shareholders of these companies who are in India is very small and therefore it is only through the employees or to some extent through those businessmen who deal with those companies that we can know the correct position about the state of affairs of the companies. Therefore, I have provided that if, on receipt of a complaint from any employee or any person dealing with the company, the Government is satisfied that there is a *prima facie* case for investigation, they should appoint auditors. In this connection, the Government have moved an amendment No. 1146 seeking to introduce a new clause 609A standing in the name of the Finance Minister. I have moved my amendment No. 1149 only as an explanation, because I am not sure that the powers of Government to call for statistics or any other information will apply to a foreign company also. It might be said that this power is only restricted to those companies which are incorporated under the present Act. This is an important matter; because we know fully well that many foreign companies do not give us correct statistics and other information regarding their working. For instance, in the Standard Vacuum Oil Company all of a sudden a dozen Indian men who are getting Rs. 600 or Rs. 800 are retrenched on the plea that there is no work for them and after sometime they bring an European officer and pay him Rs. 1,800. We are told that there will be growing Indianization of these companies; but so far as my information goes, apart from a few Indians who are either connected with the directors or certain Government officials, nobody else is appointed there. So far as the supervisory staff is concerned, there is still domination by Europeans. Very often, Europeans are brought in in preference to very experienced Indian. There is no point in saying that we do not know the know-how. You do not give proper scope. Our Government, 8 years after Independence, do not come forward to see that these European concerns, when they are allowed to work in this country behave in a proper way. My amendment only seeks to clarify the position that for the purpose of this section a company includes any company incorporated under this Act or any other Act outside India. I hope the Government will accept my amendment.

Mr. Chairman: The following are the amendments to clauses 556 to 609 of the Companies Bill which the hon. Members have indicated to be moved subject to their being otherwise admissible.

Clause No.	*Amendments Nos.*
586	1139
587	241
589	242, 1140, 1141
589A	
589B	1142
589C (New)	
604	1064 (Govt.)
605	1065 (Govt.)
609	1066 (Govt)
609A (New)	1146 (Govt),

Clause 586—(*Application of sections etc.*)

Shri K. K. Basu: I beg to move:

Page 274, lines 7 and 8—

after "foreign companies" *insert* "public or private".

Clause 578—(*Documents etc. to be delivered to Registrar etc.*)

Shri K. C. Sodhia: I beg to move:

Page 275, lines 25 and 26—

for "continue to be subject to the obligation to deliver those documents and particulars in accordance with that Act" *substitute*.

"deliver to the Registrar for registration documents required under sub-section (1)".

Clause 589.—(*Accounts of foreign company*)

Shri K. C. Sodhia: I beg to move:

Page 276.—

omit lines 3 to 8.

Shri K. K. Basu: I beg to move:

(1) Page 276, line 3—

add at the end:

"after they are properly audited and so certified by the auditors."

(2) Page 276—

omit lines 4 to 8.

New Clauses 589A and 589B and 589C

Shri K. K. Basu: I beg to move:

Page 276—*after* line 16, *insert*:

"589A. *All books and documents of the foreign company to be open to inspection*.—The books and documents of the foreign companies shall be kept in their registered offices in India, and shall be open, during business hours, to the inspection of the employees without charge.

(2) If any inspection required under sub-section (1) is refused, every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment for a term which may extend to five years or both and the cancellation of the company's rights to conduct business in India.

589B. *Central Government to have the right to appoint auditors to the foreign company*.—(1) Notwithstanding anything contained in this Act or any other Act or in any agreement with the foreign company, the Central Government shall—on complaint from any employee of, or from any person connected with, the company, or *suo moto*—appoint auditors to the foreign company.

(2) The auditor appointed under sub-section (1) shall have access to all the books and documents of the company.

(3) If the company refuses to make available to the auditor any books or documents which he requires, in exercise of his powers under sub-section (2), the company and every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment which may extend to five years or both and cancellation of the company's rights to conduct business in India.

598C. *Central Government to have the right to investigate the affairs of the foreign company*.—(1) Notwithstanding anything contained in this Act or any other Act or in any agreement with the foreign company, the Central Government shall—on complaint from any employee, or from any person connected with, the company, or *suo moto*—appoint competent persons to investigate the affairs of any such company and to report thereon in such manner as the Central Government may direct.

(2) The Inspector appointed under sub-section (1) shall have access to all books and documents of the company.

(3) If the company refuses to make available to the inspector any books or documents which he

[Shri K. K. Basu]

requires for the purpose of his investigation, the company and every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment which may extend to five years or both and cancellation of the company's rights to conduct business in India."

Clause 604— (*Registration offices*)

Shri C. D. Deshmukh: I beg to move:

Page 282, lines 26 and 27—

for "and Assistant Registrars" *substitute*:

"Additional, Joint, Deputy and Assistant Registrars".

Clause 605— (*Inspection, production and evidence etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 283, line 3—

for "the documents kept by the Registrar." *substitute*:

"any documents kept by the Registrar, being documents filed or registered by him in pursuance of this Act, or making a record or any fact required or authorised to be recorded or registered in pursuance of this Act".

Clause 609— (*Enforcement of duty etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 284, line 35—

for "enactment" *substitute*:

"provisions in this or any other Act".

New Clause 609A

Shri C. D. Deshmukh: I beg to move:

Page 284—

after line 38, *insert*:

"Collection of information and statistics from companies".

609A. *Power of Central Government to direct companies to furnish information or statistics*—(1) The Central Government may, by order, require companies generally, or any class of companies, or any company, to furnish such information or statistics with regard to their or its constitution or working, and within such time, as may be specified in the order.

(2) (a) Every order under sub-section (1) addressed to companies generally or to any class or companies shall be published in the Official Gazette and in such other manner, if any, as the Central Government may think fit.

(b) The date of publication of the order in the Official Gazette shall be deemed to be the date on which the demand for information or statistics is made on such companies or class of companies, as the case may be.

(3) Every order under sub-section (1) addressed to an individual company shall be served on it in the manner laid down in section 51.

(4) For the purpose of satisfying itself that any information or statistics furnished by a company in pursuance of any order under sub-section (1) is correct and complete, the Central Government may require such company—

(a) to produce such records or documents in the possession or under its control for inspection before such officer and at such time as may be specified by the Central Government, or

(b) to furnish such further information as may be specified by the Central Government and within such time as may be fixed by it.

(5) The Central Government may also, by order, direct a summary investigation into the affairs of the company to be made by any person or persons named in the order, in so far as it may be necessary—

(a) for the purpose of obtaining any information or statistics which a company has failed to furnish as required of it by an order under sub-section (1); or

(b) for the purpose of satisfying itself that any information or statistics furnished by a company in pursuance of an order made under sub-section (1) is correct and complete; and in so far as such information or statistics may be found to be incorrect or incomplete, for the purpose of obtaining such information or statistics as may be necessary to make the information or statistics furnished correct and complete.

(6) Any person or persons appointed under sub-section (5) shall have all the powers of an inspector or inspectors under section 238 and the provisions of section 239 to 245 shall apply, as far as may be, to the case.

(7) If any company fails to comply with an order made under sub-section (1) or sub-section (4) or knowingly furnishes any information or statistics which is incorrect or incomplete in any material respect, the company, and every officer thereof who is at default, shall be punishable with imprisonment which may extend to three months, or fine which may extendable to one thousand rupees, or with both.

(8) An order requiring any information or statistics to be furnished by a company may also be addressed to any time, been an officer or employee of the company and all the provisions of this section, so far as may be, shall apply in relation to such persons as they apply in relation to the company:

Provided that no such person shall be punishable under sub-section (6), unless the Court is satisfied that he was in a position to comply with the order and made wilful default in doing so."

Shri N. C. Chatterjee: (Hoogly): I hope the hon. Finance Minister will not accept any of the amendments moved by my friend Shri K. K. Basu. I hope this House will have no hesitation in rejecting them firmly. I would have supported Shri K. K. Basu if he had moved something like what they have in Switzerland, that at least one or two directors must be nationals of that particular country, in every concern. I had issued a statement along with Shri H. N. Mukerjee from Calcutta about discrimination against Indian executives in some British concerns. But, what are these amendments that Shri K. K. Basu is moving today? It would have been far better and far more honourable and straightforward to say, I have got this giant's power, I am going to exercise it like a giant; from tomorrow, no Britishers shall function here, or no foreign concerns shall function here. I can understand that. What are you doing? What is the power you are giving under clause 589A? All books and documents of foreign companies shall be open to inspection. When? Whenever any employee shall demand it. Supposing a company has 5,000 or 10,000 employees. Each one of them shall have the right to demand inspection at any time, on any day, during business hours, without charge, of all books and records of the company. Secondly, if it is not done, if the employer does not do that, every officer of the company shall be imprisoned for a term which will extend to 5 years. Why not have capital sentence? That would be better. Supposing there are 200 officers. All of them are liable to imprisonment for 5 years. This is trade unionism gone mad. This House should firmly reject any such move. You are playing with fire. There are Indian concerns which are functioning in other foreign countries. Indian concerns function in Pakistan, function in the United Kingdom, in Germany, in Switzerland and other countries. Are you suggesting that we can allow this kind of thing to be done and we can give this power to any employee whenever he likes to demand inspection, and if it is not allowed, every officer shall be sentenced to imprisonment for 5 years or fined Rs. 50,000, only Rs. 50,000? This is a very very dangerous thing. This is not sensible. This is not honourable. This does not befit a great country like India. In the formative period of our Indian Republic, it will not be fair to drive out the foreign sector by this kind of measure. If you have got the courage come out and straightaway do it. Don't adopt Lenin's method in this indirect manner.

Shri S. S. More: This is not Lenin's method.

Shri N. C. Chatterjee: Stalin's method. I stand corrected.

Pandit K. C. Sharma: This is Basu's method.

Shri S. S. More: Not even Stalin's.

Shri N. C. Chatterjee: Look at amendment No. 1142. It says that the Central Government shall have authority to appoint auditors to foreign companies. What is this power? Look at the language.

> "......on complaint from any employee of, or from any person connected with, the company, appoint auditors to the foreign company."

Anybody can say, I have been dismissed, I have been a cashier and I was minting money. He makes a complaint. The Central Government shall appoint auditors. The auditor shall have access to all the records of the company. If any company refuses to make available to the auditor any books or documents, Rs. 50,000 fine or imprisonment for 5 years. This is not proper. Look at clause 589C. Central Government is to have the right to investigate the affairs of foreign companies. Immediately there is a complaint from any employee, or from any person connected with the company, the Central Government shall have this right to investigate. These are absolutely uncanalised, wide, arbitrary, extraordinary powers which no sane Government should undertake, which should never be put on the statute-book of any civilised country. This is not fair. As a matter of fact, my friend had said some of them had behaved badly. He also added, I admit that they do not keep three sets of books. I had something to do with the administration of company law, the previous Act, in the High Court of Calcutta. From my experience both as a lawyer and in another capacity, I say, we have got to admit that they maintain certain standards of behaviour and there is not so much of malpractice as we find in other places, although there is discrimination against Indian executives. This House should do its best to put it down. I am glad to say that after the statement that we issued and after the strong debate that we have had in this Parliament and Shri T. T. Krishnamachari came forward with his views, there has been a healthy reaction. Indian executives are now being treated, I do not say absolutely fairly, but much better than what was being done. I think it would not be fair to press these amendments. It will not be right for this Parliament, not fair on the part of this Parliament to arrogate such powers. We shall be really making our concerns vulnerable and creating a very dangerous precedent for our companies which are functioning in foreign countries.

I have got something to say in connection with a new clause proposed by the hon. Finance Minister. I am sorry that Parliament is being treated in this way. This is not fair. If the Central Government wants to assume such very wide-powers as now contemplated in clause 609A, it would have been only fair for the Minister or the Deputy Minister to bring it before the Joint Committee and the Joint Committee ought to have considered it. The House should have the benefit of that consideration. Look at this power. You are treating practically every company as a potential pick-pocket. What data have you got before you? Has any for facts and figures or statistics? I company ever refused or ever declin- do not know. You have got the Collection of Statistics Act. So far, Shri T. T. Krishnamachari assured us that he had been demanding facts and figures with regard to our charges—Shri H. N. Mukerjee's and my charges—of this discrimination against Indian executives. We pointed out to him that the questionnaire is not full, that the questionnaire is not thorough, and as a matter of fact, there are loopholes. I do not know who framed the questionnaire. We wanted to put forward another questionnaire, a more thorough one. But, never has any

Minister told Parliament that any company or anybody has refused to supply information. What is this power that the Central Government is going to take?

> "(1) The Central Government may, by order, require companies generally, or any class of companies, or any company, to furnish such information or statistics with regard to their or its constitution or working, and within such time, as may be specified in the order.
>
> "Every order...shall be published in the Official Gazettee and in such other manner.....!"

Look at sub-clause (5).

> "The Central Government may also, by order, direct a summary investigation into the affairs of the company to be made by any person or persons named in the order...."

I think this is too much, and I would appeal to the hon. Minister. He has not said anything so far as I know in justification of these wide powers. Is it really necessary to have this every wide power in sub-clause (5), that the Central Government can demand some statistics and then start summary investigation for the purpose of obtaining any information, any statistics etc.? There is no question of default or anything. It provides that the Central Government may by order direct a summary investigation. I submit this is a very, very unfair state of things and this kind of extraordinary power should not be vested in the Government like this. And we have not got the data. What has happened that the Government want the assumption of these very wide powers? What has happened we do not know. Nothing has been said. The Joint Committee was never asked to consider any such thing. We never got any data for considering the necessity for any such conferment of very extensive powers.

Then you see sub-clauses (5) to (8). All this shows that you are really adopting some kind of inquisitorial method under the grab of collection of statistics. I think that is not fair. I am appealing to the hon. Finance Minister that if there is any case, Government should only have the power to collect statistics and so on. Don't have summary investigation. Don't have this power of investigation, appointing anybody, conducting all this elaborate investigation and so on. I hope he will be pleased to bestow some thought to it.

Already the private sector has been deeply perturbed by the number of restrictions and regulations and all these blanket powers which have been conferred upon the executive. They are very, very deeply perturbed.

Mr. Chairman: These powers are not half so drastic as the other powers. The hon. Member has passed all those powers.

Shri N. C. Chatterjee: What I am saying is this. The Central Government can direct companies to furnish information or statistics. But why have the power of summary investigation?

Mr. Chairman: If they do not furnish those statistics, what is to happen? It only comes into operation when they have failed to furnish or have furnished incorrect statistics.

Shri N. C. Chatterjee: If you kindly see sub-clause (5), it is not on the question of default or anything of the kind.

Mr. Chairman: Kindly read.

Shri N. C. Chatterjee: It is as follows:

> "The Central Government may also, by order, direct a summary investigation into the affairs of the company to be made by any person or persons named in the order, in so far as it may be necessary—
>
> (b) for the purpose of statisfying itself that any information or statistics furnished by a company in pursuance of an order made under sub-section (1) is correct and complete;"

[Shri N. C. Chatterjee]

That sub-clause (b) is not in case of default.

Mr. Chairman: Sub-clause (a) is there.

Shri N. C. Chatterjee: Sub-clause (a) is there, but sub-clause (b) is not in case of default:

> "and in so far as such information or statistics may be found to be incorrect or incomplete, for the purpose of obtaining such information or statistics as may be necessary to make the information or statistics furnished correct and complete."

What happened in the past? Has there been any wide-scale refusal or non-compliance of requests for any information or statistics, that you are asking for such power? You know, Sir, once you start summary investigation, it is a very serious matter and it may imperil the position and the credit-worthiness of a company. And therefore, what I am submitting is this. Is it really necessary, and if necessary, then, why did you not place it before the Joint Committee and give us the relevant data and facts to justify this kind of assumption of power?

Shri K. P. Tripathi (Darrang): I, first of all, submit that most of the powers and duties which are enjoined on the Government under this whole Bill will be nugatory if the powers now sought to be obtained by the amendment moved by the Finance Minister are not there. I quite agree with you, Mr. Chairman, that these powers would be necessary for the Government. I quite realise that the Government in the initial stage will not suddenly go into investigation. It will ask for facts. If the facts are not given, or—the second possibility also is there—if the facts are given but there is room to feel that the facts are incorrect, in that case, an investigation may be necessary; and if that investigation is not there, if the facts are not available to the Government, in that case I humbly beg to submit it would be very difficult for the Government to administer the rest of the law which we have provided for. I agree with you that the powers which we have given in the body of the Bill are equally if not more drastic than what are proposed in this small amendment by the Government. I therefore fully agree that it is very necessary that these powers may be obtained.

The second question which I want to speak on is with regard to the proviso on page 276 where it is said that the Central Government may, by notification in the official gazette, direct that in the case of foreign companies or a class of companies, the requirements of sub-clause (a) shall not apply. Sub-clause (a) says that certain balance-sheets and other things must be published by every company. The proviso says they need not be published if the Government so determines. Now, I humbly beg to submit that this proviso is unfortunate, because a very large sector of our industry and commerce today is in foreign hands. As time goes on, we are expecting that a lot of foreign money may come and new industries may be started. Therefore, a large number of our industrial employees will be under the foreign companies. Now, what is the position? In India, a large part of th wages are paid by way of bonus and for that purpose it is very necessary that balance sheets be published. Balance-sheets therefore are not the private preserve of the company. They are necessary for the purpose of determining the share, the proper share of the workers. How shall we know what we are entitled to if the balance-sheets are not there and suddenly power is given to the Government, and Government may say you need not publish the balance-sheets. I do not see why such a hush-hush policy should be there with regard to balance-sheets. After all, in any country we go to we must abide by the law of that country. So, if a foreign company comes here, it must abide by the law of this country. The law of this country must be that all the facts are before the country. As a matter of fact, you know how difficult it is to study Indian economics. One of the most difficult things in the world to a student is Indian economic. Why is it so? Because, he has no facts and figures. Nearly 60 to 70 per cent. of our economics is underground about which no facts are available, no data is available. If you go to America, if you merely follow the daily papers for six months, you will become a first-class economist in regard to American economy. If you go to London, you will know every detailed fact about every company. It is all clear and above board. But when you come to India you find all these things are hushed up. Nobody knows anything about the company. The Reserve Bank conducted an enquiry in 1952 and it tried to find out the facts. It could not discover the relevant facts and in the body of its report in its bulletin it says these facts are not known, these facts are not known etc. It was also not fully known as to how much foreign investment there is in this country. What is this? After all, a country cannot run, an administration cannot run if relevant facts are not before the country. And how can the Government say these companies are exempted from publishing balance-sheets and other things? Therefore, I humbly beg to submit that this is a very wrong provision.

After all, what right has the Government to make discrimination between nationals and non-nationals? A national will be under the obligation to publish a balance-sheet, a non-national will not be. his is a discrimination which I do not like.

But, what about the workers? I strongly protest against any attempt by the Government to exclude the foreign companies. After all, a very large sector of our workers, running into over a million, is working under the foreign companies and we are equally to be shareholders in those companies as in other companies. And if we are to be shareholders, we must know the facts about the companies.

I may draw attention to a question which was answered in this House itself. It was said that within the last few years in the tea companies of India, the European employment has been reduced by four. That is, out of 941 managers, four have been reduced. That is, it is now 937. But with regard to the Indian personnel which they appointed, it was 100 and odd some time back, now it is over 400. So, here is a clear case of increasing the cost structure, and if there is an increase in the cost structure in the supervisory stage, then there must corespondingly be a reduction in the cost structure in the working class stage. Therefore, any such change in the cost structure affects the workers, and therefore, we have a right to know whether the appointment is proper or not. As a matter of fact, the prices obtained by the tea industry in the Sikkim area and investigations for instance have gone up very high, and all that extra profit has been absorbed by the management. It has not been released to the working classes. We want to know how it is absorbed. No facts and data are available. I would therefore humbly request Government to reconsider before they pass this proviso. I would expect that the Government would agree with us and not pass it.

2 P.M.

On a reference to page 364 I find that there it is said:

> "The Central Government may direct that a company shall not be obliged to show the amount set aside to provisions other than those relating to depreciation, renewal or diminution in value of assets, if the Central Government is satisfied that the information should not be disclosed in the public interest and would prejudice the company."

There also a provision is made which I would oppose. But there it is said "if it is in public interest or it is to the prejudice of the company." But here in this proviso to clause 589 on page 276 no such condition is provided. There need not be any public interest involved, there need not be any prejudice to the company. Still the Government may release the company from the obligation. This is most

[Shri K. P. Tripathi]

unfortunate. Such a power the Government should not take. This power is unnecessary, it is discriminatory, it is against national interest, it is against Government's policy with regard to labour and will definitely go against the working classes. Therefore I request Government to reconsider the matter and see that this be not passed.

With regard to the question of the right of the employees to investigate, with regard to this also we the working classes feel that such a power should be there. Whether it should be so drastic, I do not know. But in most of the companies owned by foreigners it is found that we have no access to any documents, we have no chance of knowing any facts. Whenever we ask for any facts in our negotiations or any other things of that type, we are told that these facts are not available in India. How shall we get them? Either Government should take power in order that Government may get these facts for us, or there may be law in the land whereby companies may be forced of their own accord to publish these facts so that we may be put on level ground. After all, what is the policy of the Government of India? The policy is that we should not go in for strikes, that we should settle our differences mutually by negotiation. How can negotiations succeed if the facts are all known only to them and ignorance is our only capital? In other countries where negotiation are not successful and where trade unions strike, it is a different matter. But wherever bipartite negotiation has been successful it has been possible for the trade union to know as much about the industry as the industry itself. How was it possible? Because all the facts about the industry are published there and everybody knows them. It is possible to know, and therefore the trade union and the employers can argue on the basis of the knowledge available. Here we are asked to argue on the basis of our ignorance and Government makes no effort to put us on an equal footing with the industry so that we may apply our judgment. If you do not make it possible for our intelligence to be developed, then our pugnacity will be developed and there will be a tug-of-war and fight between industry and labour, because ignorance has no other way of fighting.

Therefore I submit that the hon. the Finance Minister should reconsider this position. I submit that it is a crime against knowledge and against the economy of the country to restrict facts and knowledge from the students of the country. If that is so, then there is no other way for the Finance Minister and the Government except to say: "No, with regard to the collection of statistics, with regard to the publication of figures, balance-sheets, etc. there shall be no discrimination: every industry, whether foreign or Indian, shall be obliged under the same law of the land to publish the balance-sheets as determined in this law".

I humbly commend my point to the hon. the Finance Minister for consideration.

Shri C. C. Shah: I will be very brief. I have only a few observations to make.

As regards the proviso to which my hon. friend Shri Tripathi referred, clause 589 is based upon section 410 of the English Act under which overseas companies are required to file their balance-sheets and accounts with the Registrar of Companies. And I do not find that in section 410 of the English Act there is any such proviso empowering the Board of Trade there to exempt any particular foreign company or class of company. If the Government has any good reasons for taking that power, it is a different matter. But *prima facie* I, feel there is considerable force in the argument advanced by my friend Shri Tripathi that that proviso ought not to be there.

As regards Shri Basu's amendments, Shri Chatterjee has rightly characterised them as being too wide and too general and impracticable or incapable of being enforced.

As regards the amendment moved by the Government inserting new clause 609A, I welcome it. I wish to draw your attention to Chapter XVIII, I believe of the Bhabha Committee Report where they have drawn our attention to the paucity of statistics on company management. And even in the course of considering the Bill we have not been able to take a great many of our decisions because of the paucity of these statistics. And they considered it a matter of vital importance that Government should have the power to collect all relevant statistics on company management. I am glad therefore that the Government is taking such powers. I do not think the powers are as wide as Shri Chatterjee has characterised them to be, because at every stage they are circumscribed. What the Government can call upon the company to do is to furnish such information or statistics with regard to their or its constitution or working and within such time as may be specified. Then, sub-clause (5) about which Shri Chatterjee spoke also restricts that and investigation is to take place only in so far as it may be necessary to obtain statistics if the company has failed to furnish them, or if the company has furnished incomplete statistics to obtain complete statistics. In a way these powers are wide in the sense that powers are given to call for these statistics and if they are not furnished or are inadequately furnished, powers are given to the Government to hold an investigation. In each proviso or in each sub-clause the purpose for which the investigation is to be held is clearly mentioned. I believe the powers, if wisely and properly used, will be very useful.

Lastly, I only wish to draw attention to this. Here we use the words "The Central Government may, by order, require companies generally, or any class of companies etc." The word "company" will not include a foreign company as defined by us in sub-clause (10) of clause 2, which says that 'company' shall mean a company as defined in section 3; that means a company registered under this Act under the definition in clause 3. I would suggest that it will perhaps be wise to use the words "body corporate" which would include also foreign companies, as we have already used that expression in several places where we desire to include foreign companies as well.

Shri V. P. Nayar (Chirayinkil): I do not want to make a very long speech. But I must once again bring to the attention of the hon. Minister, our objection to the inclusion of the proviso to clause 589. You may remember when we were having the general discussion on this Bill, this point was focussed upon. In fact I went to the extent of demanding a categorical answer, to be assured by; Shri M. C. Shah in the lobby that certainly an answer would be given by Shri Deshmukh when he gave his reply. The hon. the Finance Minister, and as is quite usual with him and as I anticipated and said, did not however make any reference as to the reason why this proviso had to be included.

Today I was quite amused to hear Shri N. C. Chatterjee knowing as we do that he is a champion of the big interests here—saying so many things about the gestures of the English companies. He says, it had some healthy effects. He was asking whether the Collection of Statistics Act will not apply in this case and why a special summary power is called for. I am not able to use the language which is quite so well with him, when he said about 'inquisitorial methods in the collection of statistics'.

As far as I have understood, and I think the hon. Finance Minister will agree with that, the Collection of Statistics Act as at present does not empower Government, nor does it make it necessary for a company which is a foreign company, to submit its accounts as and when called for by Government.

[Shri V. P. Nayar]

The other day, I remember quite well that when we were discussing some questions about the rubber industry, I wrote a letter to Shri M. C. Shah asking him for the balance-sheets of some companies which were having a monopoly in the rubber industry of India, namely the Dunlop Tyre Company, the Good Year Tyre Company and the Firestone Company: He wrote back saying that the Dunlop company was a company limited in India, and therefore he would be able to find out four or five balancsheets. From the balance-sheets, I found that subsequent to 1950, the Dunlop company had made a profit of Rs. 7 crores. But Shri M. C. Shah regretted his inability to give me any information, and quite rightly so, about the profits or any of the details of the accounts of a company which is not a company limited in India. And unfortunately, the Good Year Tyre Company was a company like that. So the Collection of Statistics Act, as I have read it, and as Shri M. C. Shah has further explained, would not apply, and would not give powers to Government to call for information from those companies. Am I correct?

Shri C. D. Deshmukh: I am asking my hon. friend the Minister of Revenue and Civil Expenditure whether he said like that or he wrote like that.

Shri V. P. Nayar: Not only did he say, but he wrote also like that. He wrote to me that because it is a limited company in a foreign State, it was not possible for Government to give such information. I may be able to find out that letter, if it is necessary, for certification by the hon. Finance Minister, and I can make an effort for that. But that is not the point.

The point is that Shri N. C. Chatterjee was speaking for the big business and saying that the British big business (which is very much entrenched in the economy of this country), has shown very kind gesture. What is the kind of gesture which they have shown? He was saying that many Indian officers are being promoted. But what is the kind of people from whom the highest officials in the foreign companies in India are recruited? I need not tire the House with the details. But everybody here knows that almost every top official of the Government of India, including some of the Ministers, I should say, have their very close relations starting on fantastic salaries in private limited companies. If the hon. Minister wants, I can give off hand the names of a number of such people. Is it not a fact that if they had joined the Government of India in the IAS cadre or even in the old ICS cadre, they could have got at their 50th year only a sum of Rs. 2,000 p.m. Now, Sir, you will be surprised to know that these foreign companies are taking Indians in managerial places which were formerly held by Europeans or Britishers or other foreigners, at salaries starting from Rs. 1,000, Rs. 2,000 and so on. I know several cases of boys who are aged only 25 and 26, and who are drawing salaries of the order of Rs. 2,000 in such foreign companies. This is the kind of gesture which the foreign companies have shown, and little does Shri N. C. Chatterjee, realise that this is the gesture which they have shown. I do not want to go into that question now.

But I am very much perturbed by this proviso. Once again I request the hon. Finance Minister—I make a very humble request this time because ordinary requests do not move the Finance Minister—that he should give us some details as to why it is necessary to have this proviso.

I have here, the agreements entered into between the Government of India and the oil companies in a pamphlet entitled *Establishment of Oil Refinaries—Text of Agreements with the oil companies.* I do not see why under the agreements in force, Government should come out with this proviso. I am reading from the first agreement between the Standard Vacuum Oil

Company, American Barracks, Queensway, New Delhi, and the Government of India.

Para 3 of this agreement says:

> "The refinery will be owned and operated by the Indian company which will be incorporated under the Indian Companies Act, 1913, as amended."

I presume that at the time the agreement was drawn up, Government had in view that the company law will from time to time be brought up to date. And this agreement is certainly within the purview of the law as it stands amended by the present Bill.

Shri C. D. Deshmukh: How is it a foreign company.

Shri V. P. Nayar: It is not a foreign company. It is a company incorporated in India, and called an Indian company. What I say is that you have no case to exclude foreign companies. I shall show you presently why; there is no case. Please bear with me for a minute.

That is not the only point. Later on, if we go through the other provisions in the agreement, we will find that the Government of India have given several assurances to one of the contracting parties. It is not necessary for me to read them out. But here is an assurance on page 6—there are four or five assurances, but this is one of them—which runs as follows I am reading this only to show a typical case:—

> "Assurance that no objection will be raised to the local borrowing of funds by the Indian company to finance local currency; expenses for the construction of the refinery, and subsequently for working capital".

I have called out only one single instance. But if you go through the entire agreements you will find that there is the same condition in everyone of them, namely that the Government of India undertake or bear responsibility to see that whatever be the price factors which will decide the issue of the price of the oil which is distilled or refined in India, they will not force the company to sell the oil so produced at a price lesser than that of oil which is distilled and imported into India. These are certain conditions that we find in these agreements.

We have time and again asked the Minister of Production whether under the provisions of the agreement, the people of India can rest assured that hereafter the price of the oil which is distilled in India by the refineries set up by foreign companies in collaboration with the Government of India will go down, but the Minister has been very chary to commit himself. He has never assured us that one anna on a gallon of petrol will be less because of the fact that we are having this distillation or refining here.

The reason why I am worried is that as a class the oil companies have certain concessions, and as a class, these concessions are not enjoyed by other companies. My fear is that when we lay down under this proviso that a company or a class of companies will be exempted, then by the very fact that Government are under ever so many obligations and are bound by ever so many liabilities under these agreements which are now in force, the tendency of Government, as we can rightly expect, will be to exempt such class of companies.

Shri C. D. Deshmukh: It would not apply to the oil company.

Mr. Chairman: This proviso applies to the foreign companies.

Shri V. P. Nayar: I am coming to that.

Shri C. D. Deshmukh: Clause 589 refers to foreign companies.

Shri V. P. Nayar: That is true.

Shri C. D. Deshmukh: This is not a foreign company.

Shri V. P. Nayar: That also is true. It is an Indian company, but the fact is that it is so interconnected with its mother organisations...

Shri C. D. Deshmukh: It does not matter how it is connected. This proviso would not enable us to take any action in respect of that company.

Shri V. P. Nayar: How?

Shri C. D. Deshmukh: It is not a foreign company as defined in the Act.

Shri V. P. Nayar: It is not a foreign company. But except that they hold a distillery in India and except that the finances for that distillery are from the corporate funds of a company which can be called an Indian company...

Mr. Chairman: The Finance Minister is pointing out that we are discussing now the proviso to clause 589 (1). Since the company which is referred to by the hon. Member is not a foreign company, this proviso cannot possibly affect that company. That is the only point.

Shri V. P. Nayar: What I say is that although the distillation or refining of oil is done by the Indian company constituted as an Indian company and owning corporate funds as an Indian company, yet the further activities of that company will still be carried on through foreign companies. The distribution of that will still be through the Burma Shell which is not an Indian company; the distribution of the oil which is refined by the Socony Petrols will be through the Soconys which is not an Indian company but a foreign company. On the one hand, you say that you will not exert any pressure, and on the other, you say also that you will not ask the Indian company to reduce the price. Then, who reaps the benefit? It is the foreign companies operating in India, who benefit by certain guarantees which are given to an Indian company that the prices will not be varied.

That is the point on which I wanted to dwell and that is how this becomes relevant. I can very well read and understand the English which is used in this particular provision, and I think Shri C. D. Deshmukh will also agree to that. When the provision refers to a foreign company, I know it is a foreign—not an Indian—company. But the fact here is that under the agreements with the oil companies when you are giving them so many assurances to the Indian company—not to the foreign company—that you shall not do such and such things, that you will undertake to provide transport facilities, that you will not charge any excise duty on the import of oil for being refined in the distillery, all these advantages accrue to a company which is an Indian company. But what is the result? How does the oil which is refined go to the consumers? How is it distributed? Is it Shri C. D. Deshmukh's contention that the oil which is redistilled and refined in these refineries at Trombay and other places will also be marketed, that is, until it reaches the primary consumers, only through the Indian company? Then I have no case. On the other hand, if the oil—refined by the Indian company is to be sold through its international organisation, which is now functioning in India, then the case becomes different. And that is precisely the reason why we want Government to poke into the affairs of such companies because, as we know, time and again the Ministers have repeatedly stated on the floor of the House that it is not possible at all to check the profits of the foreign concerns; it is not possible at all to find out and give an idea of how the foreign companies make profits. I remember it was only the other day—this is not the only class of companies—I again referred to the case of the Imperial Chemical Industries. The ICI is under an agreement with the Government of Bombay for the manufacture of some of the very essential synthetic anti-malarials. That agreement between the Government of Bombay and the ICI was laid on the Table of the House by the Minister of Health the other day. I find that there is a very oppressive clause in that agreement. The Government of Bombay has agreed that the synthetic anti-malarial which is manfactured with the technical help given by the ICI will be marketed at a price to be stipulated by the ICI. That is number one. The second is that the ICI, in spite of the manufacturing programme of the combine between the Government of Bombay and the Imperial Chemicals, is at liberty to Market its own synthetic anti-malarials—I mean the drug paludrine —so that you find that if you allow exemption for a class of companies, those companies which are having agreements to their advantage and to the detriment of the Government of India and our people, will certainly exercise that much pressure which is necessary to see that Government resort to this particular provision of exemption, because Government have been committed by virtue of the agreements in force. It is not merely the Imperial Chemical Industries. We know how these companies are managing their affairs in India. I understand, Sir, that the Imperial Chemical Industries erected their building in Calcutta costing about a few crores of rupees; on the other hand, you find in several establishments of the ICI the labourers being threatened with retrenchment. These things happen at the same time. So the Government say that there must be a proviso for protecting the giant interests of the ICI and companies of their nature.

Shri C. D. Deshmukh: Where have we said that there must be a proviso to protect these giant concerns?

Shri V. P. Nayar: What is this proviso, Sir, unless it is intended for a very secret purpose?

Shri C. D. Deshmukh: That is my hon. friend's interpretation. That is not what we say.

Shri V. P. Nayar: As far as I understand, the proviso says:

> "Provided that the Central Government may, by notification in the Official Gazette, direct that, in the case of any foreign company or class of foreign company the requirements of clause (a) shall not apply or shall apply subject to such exceptions and modifications as may be specified in the notification".

What does it mean?

Shri C. D. Deshmukh: It means what it says, if the hon. Member claims to be able to interpret it.

Shri V. P. Nayar: I make a very justifiable claim. But as I read it, if it is a foreign company and if it has dealings, the Government retain the power to exempt it from the operation of this particular clause.

Shri C. D. Deshmukh: I am making a limited point that Government do not say there is protection of the giant concerns. I have no objection at all to the hon. Member entertaining such a view. In due course, I hope to be able to dispel it. I am only dealing here with the fact of an accurate presentation of our views. I said we have nowhere stated that the object of this proviso is to protect these giant concerns.

Shri V. P. Nayar: It is very good of the hon. Finance Minister to say so now. How could we know what are their thoughts? We posed this question very sharply. We demanded a categorical answer at the time when there was a general discussion, but Shri C. D. Deshmukh conveniently chose to ignore the point. We still think that there is some such thought with the Government, and I think it is the only possible inference—if I am wrong, then I am subject to correction.

Shri C. D. Deshmukh: The trouble is that there were many other questions which were posed even more sharply and I had to answer them.

Shri V. P. Nayar: That may be so. I do not feel the questions by the sharpness, as one would feel the sharpness of razors. Shri Deshmukh may be able to do that. But this is different; this is a very important issue, that in so far as you have a provision in clause 589 and then have a proviso, there must be some object, there must be something behind Government. Please tell us what that something is. This was the question which we posed.

Shri C. D. Deshmukh: I promised to.

Mr. Chairman: He will certainly explain.

Shri V. P. Nayar: Why we fear and why we are making much out of this point is this. In the case of the Imperial Chemical Industries—I am giving you another instance last week the hon. Minister of Commerce and Industry answering a series of supplementaries said that there was possibly a monopoly of the Imperial Chemical Industries in the distribution of caustic soda. I asked one or two supplementaries and the answers to them were to this effect: we know that when the Government of India have called for tenders for import of caustic soda, the ICI, on the one hand, will give some quotation. On the other hand, there may be so many other Indian importers. They have either to go to the British manufacturing units or to the soft currency area. The caustic soda manufactured in UK is controlled in its distribution by the ICI who resort to a very very clever trick.

An Hon. Member: What are we discussing?

Shri V. P. Nayar: The Indian importer, normally, contacts the British manufacturer for the import of caustic soda so that he may offer to the Government of India when they invite quotation. What the ICI will do is that they force those UK people to tell these Indian importers to contact the ICI. The ICI then give an offer to the Indian importers saying, 'we shall be able to use our good offices with the British manufacturers and get you caustic soda which you have to import on the advice of Government at such and such price. Normally, this price is not at all competitive. For example, it may be quoted at £50 per ton c.i.f. Calcutta or any other place. What the Imperial Chemicals or such other firms—I am not referring to the case of the ICI alone, but to firms like the ICI who hold a monopoly of the distribution of certain commodities—do is that they quote £50 per ton to an Indian importer, and at the same time, go straight to Government and quote £20 per ton. It has happened many a time. The Indian importer, however big he is, is a nobody when compared to the ICI.

The point, therefore, comes to this that when you do not have control over the foreign companies and when you make a provision by which you exempt certain companies which are having agreements with you, to which you are committed by so many agreements, promises, assurances and what not, you will naturally be driven to a corner from which you will have to invoke the exemption provision of this clause. Normally, as we think, it is not the practice to exempt a particular company.

Shri C. D. Deshmukh: ICI is India Limited.

Shri V. P. Nayar: But all the operations of the ICI in India are not through the ICI India Limited. ICI India Limited is not merely 'India Limited'; I do not have to teach the hon. Minister that ICI exists in the world as a world organisation—and 'India Limited' is but a fragment of the giant ICI and it has world-wide dealings. That is a different matter, but my point is this, that when the Government of India are committed to certain agreement and promise there must be some cast to have a provision in this Bill by which you can exclude from the operation of clause 589 a company or a class of companies. I refer again to the oil companies, because they are a class of companies enjoying almost the same kind of benefits, having almost the same kind of assurances from Government and Government having the same obligations with most of them. So my fear is that if this provision is retained there is a likelihood of pressure being brought upon Government knowingly, or unknowingly and Mr. Deshmukh may say later on: "Oh, we did not know". As very often it happens, wisdom comes only after the event. If you keep this proviso, it would be giving a long handle to these foreign enterprises which are functioning in our country. I can understand if this proviso is not there. Why should there be a proviso giving power to Government to exercise that power only in favour of certain foreign companies, when the Companies Act has a general plan for all limited companies? What is the case of the Government and what is the reason for which this proviso has been made.

I am unable to answer the other point about summary investigation, creditworthiness and all that which Mr Chatterjee made, because as Mr. Chatterjee made, because as Mr. Chatterjee himself said he has had the benefit of the practice at India's biggest company law court, namely, Calcutta High Court, and probably Mr. Chatterjee has been one of the biggest lawyers in the biggest court in the biggest city. I claim no equality with him. There is also this difference, that while Mr. Chatterjee was speaking not merely for the top business community, but also for the foreign capitalists and the monopolists, I am unable to reconcile my views with any of the points which he made. But that is a different matter. I want the Finance Minister at least to tell us on what basis this particular provision has been made. I hope he will be able to convince me, because I am always open to conviction, and if he can give some arguments. I shall very gladly accept them.

Shri G. D. Somani: I would like to make a few observations about this new clause 609A. The hon. Finance Minister did not choose to make any observations about this amendment when he moved it. My hon. friend Shri C. C. Shah referred to the recommendations of the Bhabha Committee. But as Shri N. C. Chatterjee pointed out the Bhabha Committee's recommendation is not a new one, and Government could very well have brought this amendment before the Joint Committee, or at any rate much earlier than they have sought to do.

So far as the supply of statistical information is concerned, nobody doubts the necessity of our having full statistics to ensure that Government have in their possession full facts and figures about the operations of the various companies. As a matter of fact, the companies are even now supplying a large volume of statistical information to the various Departments of Government. I know from my experience of the textile industry, that a team of clerical staff has to be employed specially for supplying various forms of statistical information to the Textile Commissioner's Office and the other Departments of Government. In view of this it is but logical to assume that whatever information will be required by any department of Government will be readily forthcoming from the companies concerned. So, I do not see the slightest justification for any fears or doubts in the mind of Government to warrant their taking the powers which they seek to do under sub-clause (5) of this clause. The powers of summary proceedings against companies which may not only default in supply of information, but also for the purpose of satisfying themselves that any information or statistics furnished by them in pursuance of an order made under sub-section (1) is correct and complete are too sweeping and wide and if any Government official chooses, these powers can be used for harassment. If the intention is only to call for statistical information, then this clause, as it is, may be left up to sub-clause (4) and further powers for summary proceedings and investigations are not at all necessary. Of course the past record of the company will be there with the Government. The volume of statistics that have been furnished by va-

[Shri G. D. Somani]

rious companies will convince them what sort of arrangements the various companies have for supplying the information. So, such penal provisions like fine and imprisonment are not necessary in this respect. Of course, there are other clauses about investigations and various other things where in the course of enquiry they might resort to penal provisions. But so far as supply of statistical information goes, I say there is absolutely no justification for the nature of the powers that are proposed to be taken and I submit that the hon. the Finance Minister will at least consider the advisability of doing away with the sub-clauses beginning with (5).

Shri Tulsidas: The House is aware that in 1953 an Act was passed called the Collection of Statistical Act, 1953. This Act empowers Government to ask for statistical from all business houses, engaged in industry and trade. When we have a special Act under which Government have powers to ask for statistics, I do not see any justification for this particular clause in this Bill.

Mr. Chairman: If the information is not supplied, is there any provision in that Act, to take penal steps?

Shri Tulsidas: Government have the same powers as they are taking under this amendment.

My point is that when the same powers which they have got in a separate Act are embodied in this Bill, it is likely to create confusion among the people. As recently as 1953 we passed an Act giving wide powers to Government for the collection of statistics. There again, they have provided all the penalties.

Mr. Chairman: So, the hon. Member's contention is that there is duplication: that is all.

Shri Tulsidas: Here we have a long amendment seeking almost the very same powers. We have to understand the implications of this amendment.

Mr. Chairman: Is it for statistical purposes, or other purposes also.

Shri Tulsidas: For statistical purposes.

Mr. Chairman: This is for two purposes, not for statistical purposes alone.

Shri Tulsidas: As my hon. friend Shri Somani pointed out already Government have powers of inspection and investigation under this Bill. This point has been dealt with by the Bhabha Committee and was also referred to by the hon. the Finance Minister. But when they have a special Act for the purpose of collecting statistics.....

Mr. Chairman. The present amendment is not only for the purpose of statistics, but for getting other information also.

Shri Tulsidas: The same thing is provided in the other Act. When they can get any information they want under that Act, why have this duplicate provision. So, I do not see any necessity for this amendment.

श्री के० सी० सोधिया : मेरे नाम के दो संशोधन हैं २४१ और २४२ ।

श्री के० के० बसु : ज़रा पढ़ दीजिय ।

Shri K. C. Sodhia: My amendments are Nos. 241 and 242 which read:

Page 275—

lines 25 and 26—

for "continue to be subject to the obligation to deliver those documents and particulars in accordance with that Act" *substitute*:

"deliver to the Registrar for registration documents required under sub-section (1)"

Page 276—

omit lines 3 to 8.

There are separate provisions in this Bill for companies which are likely to be established after the passing of this Act and for older companies which have been establishing before the passing of this Act. Sub-clause (4) says:

> "Foreign companies, other than those mentioned in sub-section (1), shall, if they have not delivered to the Registrar before the commencement of this Act the documents and particulars specified in sub-section (1) of section 277 of the Indian Companies Act, 1913, continue to be subject to the obligation to deliver those documents and particulars in accordance with that Act."

I find that the companies—those foreign companies—which have not complied with the requirements of sub-section (1) of sectoin 277 of the Indian Companies Act of 1913 are now given the chance of continuing to be governed by that old section. These are companies not following the directions of the Government as given in the old Act and still they are being given the permission to remain under the old Act and not to be governed by the provisions of clause 587 as provided in sub-clause (1), (2) and (3).

My question is, why this discrimination in the case of those who have defied the law and did not submit the particulars require by the old Act? They ought to be penalised but, instead of that, they are allowed to flout the law and to continue to be governed by the old provision. That is my first amendment. I am convinced that my amendment is just and ought to be accepted by the hon. Minister unless he tells us what is the justification for treating these companies in an indulgent manner like this.

My second amendment is No. 242 which asks for the deletion of the proviso to clause 589 just now talked about by my friend Mr. Tripathi and by the gentlemen there.

Shri K. K. Basu: We are not your friends.

Shri K. C. Sodhia: He is my friend.

Shri K. K. Basu: But, we are not your friends.

Shri K. C. Sodhia: You too are my friends as they are. My submission in this connection is that there is a well-founded suspicion in the minds of most of the Members of this House and of the general public of this country that foreign companies are being created with indulgence by the Government. There can be some reason for such treatment of the foreign company. The Government want that there should be rapid industrialisation of the country and as indigenous talents are not quite sufficient to meet the needs of the country and also because capital is not forthcoming in this country for big industry, they are inviting big companies of England, America and other foreign countries. If the foreign concerns are allowed to establish their companies, it is quite possible—rather they stipulate for that —that the qualified persons of this country will be given training in their industrial undertakings and, after some time, they will just be able to produce good technicians and high class engineers and others in this country.

These are, perhaps, the objects which are inducing the Government to give them a favoured treatment, other than that given to the nationals of this country. It is not quite certain that so far as training is concerned, we are likely to get to know all the techniques and the know-hows that are required to operate these big industries in this country because we have got the example of Persia where big combines worked for years, perhaps decades, and still the people of Persia did not know how those industries were to be operated . Therefore, whatever training schemes these foreign companies have started to train Indians, it is quite certain that we are not succeeding in this attempt as fast as we desire. Therefore, it is no use granting to foreign companies what the nationals of this country do not get. It is necessary that this proviso ought to be deleted because these are salutary provisions and I do not know

[Shri K. C. Sodhia]

why certain companies or sets of companies should be allowed to go out of the purview of these discretion and exercise it in the best interests of this country. But, so long as this proviso exists, there is a doubt—unless the Minister makes it clear—as to what the intentions of the Government in this respect are. Therefore, I have moved amendment No. 242 with the object that this proviso should be deleted.

As regards the new section 609A, my considered view is that it is very necessary to have the provisions contained in the new clause as moved by the hon. Finance Minister. I would only desire that the provisions of this new clause should be applicable to all companies, not only to Indian companies but also to foreign companies, because if the foreign companies are just let out of it, then it may be just a sort of discrimination and will be on additional ground for dissatisfaction and will be additional ground for dissatisfaction in the minds of the Members of this House.

Shri Achuthan (Crangannur): With regard to the amendment moved by the Finance Minister, some Members pointed out that even now the companies are supplying the necessary information, and that it will be superflous to have these provisions incorporated in this company law, for they find a place in some other Acts. There is some sense in what they say, but if the Government wants to get some information from a company, it would be better if those provisions find a place in the company law itself. Otherwise, if the Finance Ministry or any attached department wants to get some information from the joint stock companies concerned, the provisions of some other Acts will have to be applied instead of the company law. For that purpose, some power must be vested in the Register of Joint Stock Companies stating that the provisions of those Acts can be made use of by him. It would be advisable that whenever any such information is required from a company or concern, it should be demanded under the provisions of the company law, and so it would be just and proper that this provision finds a place in the company law itself.

Then, Shri V. P. Nayar was vehemently trying to make out a case that the Central Government, by having this proviso in section 589, will make use of that proviso in favour of foreign companies. He may have his own contentions with regard to that matter because he has his oft-quoted slogan "Down with foreign capital, down with foreign investments, down with England and America". That may be their slogan. But we, being a poor country, want that it should be industrialised to as great an extent as possible by foreign investments and foreign capital. Suppose a foreign company comes and says that as far as your information is concerned, it will be prepared to supply you; but if you want it to give all the information required by the company law, it would be detrimental to its interests so far as its interests in other countries are concerned. Will you not content yourself with merely demanding from them information that is necessary for your purpose and your interests and leave the rest with them? Are you not bound to take their help provided that the necessary information required by you is supplied by them, instead of all other information which may not be necessary for your purpose? If certain companies come forward with a convincing and justifiable case, what is wrong in accepting it? It is not as if, as Shri V. P. Nayar was saying, that you are giving a long rope for all foreign companies. That is not the intention. We are sure that the Legislature will not keep quiet if such protection is given to foreign companies under one pretext or another.

On the question of registration offices, it is my considered view that there must be a number of offices in the case of certain States. Previously, in our State of Travancore-Cochin, there were two offices, one in Trichur and another in Trivandrum. Just a few months ago, the Trichur office was abolished and now there is only one office at Trivandrum. In a small State like Travancore-Cochin, people find it difficult to go to Trivandrum for minor matters. It may be the policy of the present Government or the Finance Ministry to see that as many offices as are necessary consistent with the demands that are likely should be opened. For big people it will be easy to engage their own agents and get things done, but for ordinary people engaged in small industrial concerns, it is difficult to get things done, and Government should see that their work is facilitated by opening as many offices as are necessary. In our place we actually experience considerable difficulty after the office at Trichur was abolished, because the only other office is at Trivandrum, some 200 miles away. My submission is that in business localities where new enterprises are coming up, the office of the Registrar of Joint Stock Companies should be opened for the purpose of facilitating the work of the ordinary business people.

Shri C. D. Deshmukh: So far as the point made by the last speaker about the opening of registration offices is concerned, we can only take note of his observations and keep them in mind when we administer this particular section and determine the places where offices are to be located.

I come to the point made by Shri Sodhia in his amendment No. 241.

Shri Kamath: It is better to have quorum at least when the Finance Minister is speaking.

Mr. Chairman: The bell is being rung. Now there is quorum. The hon. Finance Minister may continue.

Shri C. D. Deshmukh: I was dealing with the amendment suggested by Shri Sodhia. Either one brings all the companies if they have established an office before the commencement of the Act within the terms of clause 587 or one says that they will continue to be regulated by section 277(1) of the previous Act. If the requirements of the two sections are more or less similar, then I do not see what harm is done. Indeed this could only apply to foreign companies which have established a place of business here within, say, two or three or four months of the commencement of the new Act. Obviously it could not apply to a foreign company which had established a place of business 20 years ago. It is inconceivable that the requirements this clause or the corresponding section of the previous Act have not been complied with and that no penal action has been taken. The requirement is that certain particulars should be furnished within a month. It is very difficult to imagine cases where offices have been established in this country some years ago and no action has been taken. It would be very reasonable to assume that wherever there has been a failure action has been taken or is being taken.

3 P.M.

Shri V. P. Nayar: Remissness of the past is justification for the future. Is it?

Shri C. D. Deshmukh: I say that there are no instances brought to our notice of remissness in this respect. I say that in the ordinary course of business action would be taken. Therefore, I proceed to argue that this is intended to cover a rare case of a foreign company which has established a place of business here within two or three months after the commencement of the Act so that if there has been a failure and one month has passed, may be, action is yet to be taken. Suppose a foreign company establishes an office 15 days before the commencement of the Act or one can give them one month from the commencement of the date on which they established a business. In the latter case they will have only fifteen days during which to comply with these provisions. On the other hand section 277(1) says that similar particulars have to be furnished within

[Shri C. D. Deshmukh]

one month. It will be one month from that period. That is to say, they will have only 15 days more after the commencement of the Act. It is not as if they are exempted from this. All that these last few lines secure is the time limit so that starting from the date on which an office is established we count the period of one month. The period happens to be the same in the old Act and in the new Act. Supposing a company established an office on the 15th of March, if the last three lines were to stand as they are, then the company will have violated the provisions of the Act? If they have not furnished the information by the 15th of March. They will have time till the end of April if you make the present time limit applicable. I think it is a very small point. We have copied the similar provision which is contained in the English Act. It has no deep or sinister meaning concealed in it and I do not think that the amendment proposed by the hon. Member is an improvement. That is as regards these two small points.

I come now to the question of proviso. The hon. Member said that I am bound to and—I have ignored that has been said on a point on which he has very sharp views or whatever it is. It is, therefore, he has taken the trouble to argue out the case at such length. I think in saying this he is less than fair although I do not always expect to meticulous sense of fairness from Members of the Opposition. It is their business to attack.

Shri V. P. Nayar: They are always fair.

Shri C. D. Deshmukh: Hon. Members will remember what I have already said. I said: 'I doubt if within the time that is available to me I shall be able to develop all my arguments. But I feel consoled by the reflection....' That consolation has gone after the hard words or sharp words which were used by the hon. Member.

Shri V. P. Nayar: I never used words.

Shri C. D. Deshmukh: I have said: "....consoled by the reflection that during the clause by clause consideration stage, assuming that the House accepted the present motion...."—it has been accepted—"....I shall have many opportunities of dealing in great details with some of points of detail that have been raised by hon. Members, points which do not go to the principle of the matter..". Hon. Member may have a quarrel with me in holding that this is not a point of detail and that this is a point of principle and what I shall proceed to say will show that it is really a matter of detail.

There is a general point that I should like to make in regard to this—foreign companies. Generally there is a convention that one has a kind of reciprocity in these matters: that is to say, if a foreign company has a branch here, one expects that they will have the same kind of courtesy—shall we say—in suitable cases as are extended to us—our branch companies—in other countries. That is what the *principles of Modern Company Law* by Gower says. There is a footnote at page 568.

Shri V. P. Nayar: Following Shri Morarka?

Shri C. D. Deshmukh: Gower has stuck in memory. So, I made a study of it and there is a footnote here:

> "At the Hague Conference on Private International Law in 1951, Convention under the laws of other contracting States except where the central administration of the company is situated in another State which bases recognition on central administration instead of place of incorporation. When incorporation is recognised the capacity, afforded by the law under which it is acquired is equally to be recognised, subject to a right to refuse to accord greater powers than those enjoyed by

> domestic companies and to regulate capacity to own property within its jurisdiction. The Convention, in other words, attempts to secure the greatest practicable measure of recognition of incorporation without requiring any country to alter its basic principle...."

That is just the general principle.

The next point that I would like to make is this. It is not correct as hon. Member Shri C. C. Shah said that the British Law does not provide for this kind of proviso. The corresponding British section is 410. It says:

> "Every oversea company shall, in every calendar year, make out a balance sheet and profit and loss account and, if the company is a holding company, group accounts, in such form, and containing such particulars and including such documents as under the provisions of this Act (subject, however to any prescribed exceptions)...."

Those words occur in brackets.

> "....it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting, and deliver copies of those documents to the registrar of companies."

Then there is a footnote:

> "PRESCRIBED EXCEPTIONS:
>
> The normal rule is that foreign companies are subject to exactly the same requirements as British companies, particularly as regards accounts and the disclosure of matters under British law which might not have to be disclosed under foreign law. In some circumstances, this might be inconvenient and there might be awkward repercussions for British companies abroad. For that reason, power is given in the section to make exceptions, *e.g.* in the case of an oversea company with no place of business in Great Britain other than a share registration office. Companies in doubt as to whether they should file accounts and documents should place all the relevant factors before the Board of Trade for a ruling."

Therefore, the proviso is embodied in the body of the section.

Shri K. K. Basu: Which proviso?

Shri C. D. Deshmukh: The proviso to which the hon. Members are objecting. We have referred to the English Act, section 410. I say the proviso has been worked in in the body of the section.

Shri K. K. Basu: There is a proviso to section 410 of the English Act. But if you go through it, it is only a restriction of that section. It relates to companies in Northern Ireland.....

Shri C. C. Shah: He is not referring to that proviso, but in the body itself he says it is provided.

Shri C. D. Deshmukh: I do not know whether the hon. Member has been here all the time or has he just entered the House?

Mr. Chairman: What is contained in this proviso is contained in the body of the section there.

Shri V. P. Nayar: Please read out the section. Let us make no mistake.

Shri C. D. Deshmukh: In line 5 of that section, the words occur: "subject, however, to any prescribed exceptions."

Then I read out a note. Has the hon. Member got *Gowar* in his hands?

Shri K. K. Basu: I have got the English Act.

Shri C. D. Deshmukh: I read out a note from that.

Shri K. K. Basu: You will have to read the law itself instead of commentaries

Shri C. D. Deshmukh: I am in a further stage. Having read the law, now I am trying to interpret it, for the convenience of hon. Members.

Shri K. K. Basu: When law is in unwanted hands it is more dangerous.

Shri C. D. Deshmukh: The hon. Member can take his time; but I think the rest of the House has followed it. I read the prescribed exceptions. It is really intended for a company which has only a share registration office and no other business. It is only in such exceptional cases that this is applied and it is precisely for this purpose that this proviso has been put in there.

Shri C. C. Shah: The exceptions have to be prescribed by the rules which cannot apply to any individual company but only to a class of companies. Here the intention appears to be to exempt a class of companies and not one.

Shri C. D. Deshmukh: I do not know. The hon. Member says that it is intended to apply to a class of companies and not to individual companies.

Shri C. C. Shah: If you prescribe by rules you cannot do it for an individual company.

Shri C. D. Deshmukh: The hon. Member must be an expert in the law governing rules in the British Act. I am saying that a rule might even give power to exempt and so far as Britain is concerned there are not even limitations by a Constitution so that I cannot conceive of any difficulty in the way of rules by the Board of Trade allowing it to exempt individual companies as well as a class of companies. Indeed it says that companies in doubt as to whether they should file accounts or documents should place all the relevant factors before them. Therefore as a company comes along and makes application to the Board of Trade for a ruling the ruling is given. As such, I cannot see anything in the language of it. I think the law or the gloss on it to exclude..

Shri V. P. Nayar: If I may interrupt the hon. Minister: I understand the force of taking that from the British law but is it the Finance Minister's contention that the operation of foreign companies in England and the operation of foreign companies in India are on identical footing so that you can conveniently borrow the provisions from English law in this Act? If that is the argument.....

Mr. Chairman: The argument is that this is a reciprocal clause.

Shri V. P. Nayar: There cannot be any reciprocity between a giant and a dwarf, The economy in India is very much different from that in England especially in respect of foreign companies operating in the field of industry and commerce.

Shri C. D. Deshmukh: When the giant and dwarf are doing the same thing, namely establishing an office only for the purpose of registering transfers of shares in foreign countries and are not carrying on any other business, they are on exactly the same footing. What is more important is, usually such companies which have no other business here think it necessary to establish offices merely for the registration of shares for the convenience of the citizens of the foreign country. In other words, if it is a U. K. company and it has no other business here, and, unfortunately, if Indian citizens happen to have shares in that company, for their convenience, that foreign company may establish a branch; that is to say, merely for the purpose of registering share transfers. In such cases we may say that since there is no other business carried on there may be a case for exemption and it is only this kind of cases that is contemplated.

Mr. Chairman: It is not indicated in the clause that it will apply only in such cases.

Shri C. D. Deshmukh: I do not mind if any hon. Member suggests an amendment. Neither is it indicated here......

Mr. Chairman: From the commentary you have been pleased to read out and as you yourself indicated, we know that it shall apply only to such cases.

Shri C. D. Deshmukh: The English law says: "as prescribed". In other words the English law has gone a step further and it has delegated powers to frame rules. We are at least saying that before the House gives power it may examine the thing. There are hundreds of instances in which power has been given. I have said on another occasion, if everything is to be judged by the light of deep, profound and unalterable suspicion then, of course, we should have an Act which is twice as big as the present Act. When I explain that it is intended merely for this class of companies....

Shri V. P. Nayar: But, what force does it have in law? There is no indication in the proviso that the proviso will be invoked only in very restricted cases.

Mr. Chairman: As the hon. Minister has pointed out the hon. Member should have sent in an amendment. Therefore, it is the fault of the Members that they have not sent in an amendment; otherwise it would have been accepted.

Shri V. P. Nayar: It is not a question of amendment only. The whole proviso should be thrown out.

Mr. Chairman: So far as the proviso is concerned, it is justified on grounds of reciprocity and even the section there is as wide as the present one.

Shri V. P. Nayar: My difficulty is this: The Finance Minister says that, just as it is circumspect in the case of the English Act, we also have only the intention of applying it in very limited cases. But, what force does the statement of the Finance Minister have in law as far as this proviso is concerned?

Mr. Chairman: They have confidence in their legislature and so also we have confidence in our legislature.

Shri V. P. Nayar: I do not want to argue on that point.

Shri C. D. Deshmukh: All I say is, neither the Joint Committee nor the Ministry thought that there was anything controversial in this clause and on the view that was put forward, instead of having "prescribed by rules" we thought we will put it in the form of a proviso. In other words we announce here and now that this is going to be the rule. Therefore, we have gone a step further, better than the U. K. Act. If we had any inkling that the House would be so inquisitive and so critical of our intentions, in that case it was open to us to bring forward an amendment limiting this proviso only to every foreign company or class of companies which maintain and establish an office of business here only for the purpose of maintaining a share transfer register. I do not mind giving an assurance on the floor of the House that it is only intended for that sort of companies where there is no other business carried on. That is the only explanation I should like to give. If the House does not want it I do not mind dropping it. But, as I say, it is a matter of international courtesies. Our branches there—should we have a branch there— would have the same kind of facility unrestricted by anything in the wording of the law. I do not see why we should not restrict it by having the same kind of law. Our answer should not be: "Yes, the British public or the British Parliament trusts the British Government, but we do not trust our Government." I am quite sure that, that view will not appeal to the majority in the House, to whomsoever it may appeal. That is all the explanation that I should like to give on this more or less innocuous kind of provision.

Now, in regard to this other question which is the only other question which has been discussed this afternoon, namely our amendment and

[Shri C. D. Deshmukh]

certain other connected amendments of the same kind of Shri K. K. Basu; so far as his amendments are concerned I do agree with Shri N. C. Chatterjee that it is not necessary to take all those extraordinary powers. I do not, however, agree with Shri N. C. Chatterjee, on merits, that we should take these powers which are purely powers of calling information and I have been impressed by some of the arguments which have been used by hon. Members including Shri Tulsidas. He has invited our attention to the fact that in 1953 we discussed this Collection of Statistics Act, Act No. 32 of 1953. According to him it seems to serve the same purpose. It is true, that is between Ministry and Ministry. It would be convenient to have an instrument in the hands of the Finance Ministry and not in the hands of the Commerce and Industry Ministry. At the same time I am opposed to, not only companies, but anybody else, being pestered up by the Departments of Government calling for information in general. It is for the purpose of unifying standardising and co-ordinating these that we have established the Central Statistical Office. Had this gone through them, as I think it should have, they might have pointed out that there is already a power in one Ministry to ask for information.

The other point is this. This question has been raised in the Collection of Statistics Act, 1953, and the foreign companies are included in it. Now, Shri V. P. Nayar complained that the Minister, my colleague, sent him a letter saying that this Act did not apply to foreign companies. I am not quite so sure that the reply that we sent was correct, and reading that Act through, it occurs to me that there is nothing in that Act which would take foreign companies out of the scope of that Act. If that is so, we certainly are creating a somewhat inconsistent position. On the one hand we are taking powers here which are confined to only two companies.

Shri V. P. Nayar: May I put this question? Will it be possible for the hon. Minister to give me information about the net profits made by some of the companies which are engaged in rubber industries, for example, the Good Year and other companies, which are foreign private limited companies operating in India?

Shri C. D. Deshmukh: I do not quite understand the relevance of that. I am not opposing this. I am only making a general statement explaining my difficulty and I shall be making a suggestion afterwards. But I do think that I ought to sum up this discussion that has taken place this afternoon. I am saying that it is my view that this Collection of Statistics Act. 1953, does apply to foreign companies Therefore, as I said, we shall be creating, if we accept the amendment, an inconsistent position. The Finance Minister would have less powers than the Commerce and Industry Minister and there would be no good reason why, on the one hand we should include foreign companies in the scope of that Act calling for statistics and on the other hand we should omit them. Therefore, I should be inclined to include them. There may be other differences of detail although they do not go to the root of the matter. For instance, the powers of investigation about which Shri Chatterjee was so vehement are there. I do not think it matters very much, because in the Collection of Statistics Act, 1953—clause 6—there is right of access to records or documents.

> "The Statistical Authority or any person authorised by him in writing in this behalf shall for the purposes of the collection of any statistics under this Act have access to any relevant record or document in the possession of any person required to furnish any information or return under this Act and may enter at any reasonable time any premises where he believes such record was taken to be, and may inspect and take copies of relevant records or docu-

ment, ask any questions necessary for obtaining any information required to be furnished under this Act."

Therefore, these powers are pretty ample. Whether we should have also these powers and the powers of summary investigation is a rather more general term and I am not quite clear about it. Therefore, I think it would be better if we held this clause over, so that I can give a little further thought to this. Our amendment No. 1146 which deals with this subject, together with amendment No. 1142 which I think is Shri Basu's amendment—that foreign companies should be included for the purpose of this section. I think there is a great deal in this, and we must find out if at all it is necessary. I need not remind the House that the Commission of Enquiry have also similar powers. It is really in answer to Shri Chatterjee. The Commission of Enquiry also have similar powers for collecting the information if it is not given, and it is also usual to provide for a penalty.

But let us return to this Collection of Statistics Act, 1953. I am not satisfied that it covers a narrower field, apart from its applicability to foreign companies, than the field covered by our amendment. Therefore, I would suggest that we hold it over. I shall think over it and then, if I have to make a further statement, and if you will permit me to make it before we do the voting, I shall make the statement and then we might dispose of that clause.

Mr. Chairman: So, new clause 609A is held over. After the statement, if any, is made, we shall take it up.

We shall now take up clauses 556 to 609. There is an amendment to clause 586 which I shall put to the House.

The question is:

Page 274, lines 7 and 8—

after "foreign companies" *insert* "public or private"

The motion was negatived.

The question is:

"That clauses 556 to 586 stand part of the Bill".

The motion was adopted.

Clauses 556 *to* 586, *were added to the Bill.*

Mr. Chairman: I shall now take up clause 587. There is amendment No. 241.

Shri K. C. Sodhia: I beg leave to withdraw the amendment.

Mr. Chairman: Has the Member the leave of the House to withdraw his amendment?

Several Hon. Members: No.

Mr. Chairman: I shall put it to vote.

The question is:

Page 275, lines 25 and 26—

for "continue to be subject to the obligation to deliver those documents and particulars in accordance with that Act" *substitute*:

"deliver to the Registrar for registration documents required under sub-section (1)".

The motion was negatived.

Mr. Chairman: The question is:

"That clause 587 stand part of the Bill."

The motion was adopted

Clause 587 *was added to the Bill.*

Mr. Chairman: The question is:

"That clause 588 stand part of the Bill."

The motion was adopted

Clause 588 *was added to the Bill.*

Mr. Chairman: I shall now take up clause 589. There are three amendments to this clause: Nos. 242, 1140 and 1141.

Shri K. K. Basu: I would like to say a word. I want to know whether

[Shri K. K. Basu]

this balance-sheet and profit and loss account should be an audited one, or will they be supplied by the company after their own internal audit? I want them to be audited.

Shri C. D. Deshmukh: The accounts of the foreign companies can be audited only by the auditors in the country of the company's domicile. The accounts of the foreign companies registered in India can only be audited by an auditor appointed by the foreign company. Sub-clause (1) of clause 589 makes it clear that the documents which have to be delivered to the Registrar under sub-clause (1) (b) should be "such documents as under the provisions of this Act, it would, if it had been a company within the meaning of this Act, have been required to make out and lay before the company in general meeting." This provision, in our opinion, will fully meet the object of that particular amendment.

Shri K. K. Basu: That means, according to your reading, it means that so far as the fulfilment of this requirement is concerned, the profit and loss account and the balance-sheet will be audited by an auditor as provided in this particular Act.

Shri C. D. Deshmukh: Yes.

Mr. Chairman: So, I shall take up amendment No. 242.

Shri K. C. Sodhia: In view of what the hon. Finance Minister has stated, namely, that the object of the proviso is simple.....

Mr. Chairman: The hon. Member only wants that his amendment No. 242 may be allowed to be withdrawn, because he has seen the fate of his previous amendment. Does the House grant leave to the hon. Member for withdrawing his amendment?

Several Hon. Members: Yes.

The amendment was, by leave withdrawn.

Shri K. K. Basu: I beg leave to withdraw my amendment No. 1140.

The amendment was, by leave, withdrawn.

Mr. Chairman: Now amendment No. 1141.

Shri K. K. Basu: Those who have just come in want to know what it is.

Mr. Chairman: I will read lines 4 to 8 in page 276:

> "Provided that the Central Government may, by notification in the Official Gazette, direct that, in the case of any foreign company or class of foreign company the requirements of clause (a) shall not apply or shall apply subject to such exceptions and modifications as may be specified in the notification."

The question is:

Page 276—

omit lines 4 to 8.

Those in favour will stand in their seats. There are 11 Members in favour. Those against will now stand in their seats. I see much large number of them.

The motion was negatived.

Mr. Chairman: The question is:

"That clause 589 stand part of the Bill".

The motion was adopted.

Clause 589 was added to the Bill.

Mr. Chairman: The question is:

Page 276—

After line 16, *insert*:

> "589A. *All books and documents of the foreign company to be open to inspection.* (1) The books and documents of the foreign companies shall be kept in their registered offices in India, and shall be open, during business hours, to the inspection of the employees without charge.
>
> (2) If any inspection required under sub-section (1) is refused,

every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment for a term which may extend to five years or both and the cancellation of the company's rights to conduct business in India.

589B. *Central Government to have the right to appoint auditors to the foreign company.*—(1) Notwithstanding anything contained in this Act or any other Act or in any agreement with the foreign company, the Central Government shall—on complaint from any employee of, or from any person connected with, the company, or *suo moto*—appoint auditors to the foreign company.

(2) The auditor appointed under sub-section (1) shall have access to all the books and documents of the company.

(3) If the company refuses to make available to the auditor any books or documents which he requires, in exercise of his powers under sub-section (2), the company and every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment which may extend to five years or both and cancellation of the company's rights to conduct business in India.

589C. *Central Government to have the right to investigate the affairs of the foreign company.*—(1) Notwithstanding anything contained in this Act or any other Act or in any agreement with the foreign company, the Central Government shall—on complaint from any employee, or from any person connected with, the company, or *suo moto*—appoint competent persons to investigate the affairs of any such company and to report thereon in such manner as the Central Government may direct.

(2) The Inspector appointed under sub-section (1) shall have access to all books and documents of the company.

(3) If the company refuses to make available to the Inspector any books or documents which he requires for the purpose of his investigation, the company and every officer of the company shall be punishable with fine which may extend to fifty thousand rupees or an imprisonment which may extend to five years or both and cancellation of the company's rights to conduct business in India."

The motion was negatived.

Mr. Chairman: The question is:

"That clauses 590 to 603 stand part of the Bill."

The motion was adopted.

**Clauses* 590 *to* 603 *were added to the Bill.*

Mr. Chairman: The question is:

Page 282—

lines 26 and 27,

for "and Assistant Registrars",

substitute "Additional, Joint Deputy and Assistant Registrars."

The motion was adopted.

Mr. Chairman: The question is:

"That clause 604, as amended, stand part of the Bill."

The motion was adopted.

---

*In sub-clause (4), of clause 595, line 19, the words "of Joint Stock Companies", occurring after the word "Registrar", were omitted as patent error under the direction of the Speaker.

[Mr. Chairman]

Clause 604, as amended, was added to the Bill.

Mr. Chairman: Clause 605. The question is:

Page 283, line 3—

for "the documents kept by the Registrar" *substitute*:

"any documents kept by the Registrar, being documents filed or registered by him in pursuance of this Act, or making a record of any fact required or authorised to be recorded or registered in pursuance of this Act."

The motion was adopted.

Mr. Chairman: The question is:

"That clause 605, as amended, stand part of the Bill."

The motion was adopted.

Clause 605, as amended, was added to the Bill.

Mr. Chairman: The question is:

"That Clauses 606 to 608 stand part of the Bill."

The motion was adopted.

Clauses 606 to 608 were added to the Bill.

Mr. Chairman: Clause 609. The question is:

'Page 284, line 35—

for "enactment" *substitute*:

"Provisions in this or any other Act".

The motion was adopted.

Mr. Chairman: The question is:

"That clause 609, as amended, stand part of the Bill."

The motion was adopted.

Clause 609, as amended, was added to the Bill.

Shri M. C. Shah: We have already circulated the new clause 516A. But again it has been pointed that this clause will not be necessary in view of clause 516. Therefore, we want to examine that clause further; if you will kindly allow, voting on this clause may be held over till tomorrow.

Shri K. K. Basu: It will be done before the third reading of the Bill, I suppose.

Shri M. C. Shah: I have discussed with Mr. Kamath.

Shri Kamath: Yesterday the hon. Minister said that he accepted the principle of my amendment. Now he is departing from it.

Mr. Chairman: Order, order. There need be no discussion on this clause now. The hon. Minister wants that it may be held over. What is the objection to this? Let him bring it tomorrow, after considering it.

The House will now take up clauses 610 to 649 for which 5 hours have been allocated. Hon. Members who wish to move their amendments to these clauses will kindly hand over the numbers of their amendments, specifying the clauses to which they relate, to the Secretary at the Table within 15 minutes.

Dr. Krishnaswami: May I submit that since the debate has collapsed, suddenly, some of the amendments which we have given to the office may not be ready for another hour and therefore we may be given permission to move the amendments tomorrow?

Mr. Chairman: It will be perfectly in order to move these amendments tomorrow. There is no objection to moving them tomorrow. But as the discussion is going on, amendments may be moved today. It will not be finished today and tomorrow as the discussion is going on, amendments may be moved.

Shri K. K. Basu: What about clause 609A? Is it held over?

Mr. Chairman: Yes.

Clauses 610 to 649

Shri C. D. Deshmukh: We are now dealing with clauses 610 to 649. I have given notice of several amendments; I shall speak on some of them which seem to me to call for observations.

In regard to clause 613, I have moved amendments Nos. 1067, 1068 and 1069. The provisions relating to Government companies in clauses 611 to 614 of the Bill have been examined by the Comptroller and Auditor-General and as a result of further discussions with him, Government has decided that a special provision should be made for the audit of the accounts of Government companies and for the laying of annual reports on the working and affairs of such companies before both the Houses of Parliament. The necessary provisions in regard to audit are proposed to be made by the amendment of clause 613, while provision for the submission of annual reports is proposed to be made by the introduction of a new clause 631A at the appropriate place. Now, I come to clause 614. Amendment No. 1070 is not very important; it is a verbal one. Then, clause 630. The amendments are 1071, 1072, 1073, 1074. The amendments of clause 225 is consequential, on the amendment made to clause 225(1)(b). As regards the other clauses now added, it appears that the powers conferred or the functions assigned thereunder should not be allowed to be delegated by the Government to any other authority. I have referred to clause 631A. Then there is clause 631B. Doubts have been raised as regards the registration of firms as members of charitable and other companies licensed under section 26 of the existing Act which corresponds to clause 24 of the Bill. The decision taken was that the firms may be registered under the existing Act, but that the registration should be validated by a specific provision in the Bill. The new clause 631B seeks to do this. These are all the important amendments.

Shri Bansal (Jhajjar-Rewari): I want to make a few observations in clauses 611 to 614 relating to Government Companies when this Bill was being moved before this House for reference to the Joint Committee, categorical statements were made by Government spokesmen that by the time the Bill emerges from the Joint Committee, a separate comprehensive chapter would have been added to the Bill with a view to regulating the affairs of enterprises in the public sector. When the Bill came before the Joint Committee and we came to these clauses, Government did bring forward a skeleton of a chapter wherein some indication was given as to which sections of this Act will be applicable to such enterprises. But, after some consideration, I should say, not a very detailed one, the Joint Committee came to the conclusion that it was not necessary to lay down in the Bill itself as to which particular sections of the Act should be made applicable or should not be made applicable to governmental enterprises. Therefore, clause 614 was provided. In clause 614, you will find that it only lays down briefly that Government shall have the power to notify that certain sections of this Act will not apply to governmental companies, or shall apply to any governmental company only with such modifications and adaptations as may be specified in the notification. You will, therefore, see that the whole position is kept beautifully vague. I am speaking on this particular clause of this Act will not apply to govern- for all intents and purposes, from all the declarations that have been made, is going to be enlarged. In the public sector we will have such vital concerns as the steel plants, may be new shipping concerns and a large number of other enterprises.

[Shri Bansal]

what should be the form of management of these vital enterprises? There have been debates in the past on the floor of the House as to what type of Parliamentary control should be there over the various Government managed bodies. During the course of these discussions, again and again, this question has been raised as to in what manner these various enterprises should be managed. At present, by and large, there are three forms in which governmental enterprises are managed. One is outright departmental management. The other is management through a corporation, the corporation working under certain enactments of this Parliament. The third is incorporated under the Indian Companies Act. Mostly, they are in the form of private limited companies.

An Hon. Member: Private?

Shri Bansal: Yes, Sindri is a private limited company, because Government is only the major shareholder. Some shareholders are nominated by the Government. By and large it is functioning as a private limited company. I am not aware, there may be one or two public limited companies. I am not aware of any public limited company; but this may be subject to correction. But, that does not make any difference to my argument. What I was saying is, at present there are three forms in which governmental enterprises are being run. I think the most common one even now is through the instrumentality of the Indian Companies Act. With the result that such of the governmental enterprises which come within the purview of the Indian Companies Act have to satisfy almost all the provisions of the Indian Companies Act applicable to private companies. I know that there are not many onerous provisions of the Indian Companies Act which apply to private companies at present. To that extent, the situation as far as governmental enterprises are concerned, is slightly easier that what it would have been if the provisions applicable to public limited companies had been made applicable. The point that I am making is this. I think the time has come when this House should closely examine as to what is the best form of management for governmental enterprises. Some people would say that when the government come up with an undertaking for putting up a new enterprise, they should come before this House and enact a particular legislation for regulating the affairs of that company as we did in the case of the the Industrial Finance Corporation, the D.V.C. and a number of other corporations. But I believe that the best method of regulating the affairs of companies in the public sector is through the instrumentality of the Companies Act, particularly when we have sat on this Bill from day to day and have gone through all its provisions in such detail. We know as to what we expect from enterprises. Whether they are in the public sector or in the private sector, that is a different matter. After all, structurally and from the point of view of the management, I do not think there is much difference between an enterprise in the private sector and one in the public sector. Everyone says that all business concerns should be run on proper business lines. Therefore, my suggestion is this. We should try to see that as many provisions of the Companies Act, which we are enacting now, should be made applicable to all governmental enterprises in future. I am a bit sorry that we have left this particular provision, clause 614 as vague as we have done. But, now, it is too late to make any suggestions for the improvement of any praticular clause at this stage. My suggestion for the consideration of the Government is this. Whenever they want to notify as to which particular provision of this Act will either not apply or will apply in a modified form, they should take this House into confidence before issuing the notification. Because, after all, as soon as this Act comes into force Government will have to notify which of the provisions should not be made applicable and which provisions should be modified in relation to the enterprises which are in the public sector. But before doing that, I think Government should draft that notification and give this House an opportunity to discuss that particular notification by means of a resolution so that we have a full opportunity of discussing and seeing which of the provisions should really be excluded, or are not necessary as far as public enterprises are concerned, and which of the provisions should be modified in an appropriate manner. Because, if we do that, then there would be some amount of uniformity in the case of future companies. Otherwise, what is likely to happen is that as soon as this Act comes into force, Government will certainly be faced with this situation. They have a number of companies in respect of which they will have to notify, and they will certainly notify on a particular date. Thereafter, our new steel plant will come into being. At that stage, Government may think that some of the provisions have to be made or some of the provisions need not be made applicable to that particular steel plant, and they might have to come forward with another notification either revising the notification or amending the notification. Thus, a sort of anarchy will develop as to these various types of notifications. My suggestion, therefore, is that before doing so, Government should carefully go into this matter and take the House into confidence, and before issuing any such notification have a full-dress discussion so that a sort of model notification is ready with Government.

Then there is another point in relation to this important subject. There will be various types of public enterprises. Even in the case of the steel companies about which we are hearing so much, the types of organisation will differ. For example the agreement which we have with the German concern is on a slightly different footing from the one which we are likely to have with the Russians, or the one which we are likely to have with the British combines. And therefore, all these factors must be taken into consideration from now, so that we will be clear in our minds as to what are the minimum provisions which we want all these companies to adhere to. Because, otherwise what will happen is that in some cases some of the financial provisions may apply, in others some of the investigation provisions may apply or some of audit provisions may apply, and when this House comes to examine the reports of these various enterprises we will not have a sort of uniform gauge or a uniform method of seeing which companies are working in an efficient manner.

Shri A. M. Thomas (Ernakulam): The Comptroller and Auditor-General is authorised to audit all companies.

Shri Bansal: My hon. friend Shri Thomas says that the Auditor-General is authorised. I have noted the Finance Minister's statement that certain amendments have been brought forward already in order to see that the Auditor-General's powers which we have given here under clause 613 are kept intact. But what I was saying is that we should have not only uniformity as between the various governmental enterprises, but also some sort of uniformity as between governmental enterprises and private enterprises, so that when a layman sees the balance-sheet and profit and loss account of a governmental enterprise on the one hand and those of a private enterprise on the other, it is easy for him to see where the similarity or difference lies. Supposing we take the balance-sheet of the Tata Iron and Steel Co., and the balance-sheet of the Hindustan Steel Limite if there is some sort of uniformity in the nature of the balance-sheets and the profit and loss account of both these companies, then even a layman will be able to compare both sides of the picture. But if there is no semblance between these two and on the other hand, the balance-sheet of the one has different types of columns and the other has different

[Shri Bansal]

types of columns altogether, then it would become difficult even for us to understand as to where actually the differences lie. And, therefore, my submission is that when Government comes forward with a notification to meet the requirements of the provision in clause 614 they should see clearly and consider in detail as to what should be the provisions of the Bill which should be exempted as far as their application to governmental enterprises is concerned and those which should be modified.

Then I would particularly like that some of the provisions of the Act must invariably apply to governmental enterprises. Some of these provisions which in particular I would like to apply would be the clauses which relate to prospectus, the clauses which relate to the kinds of share capital, and then annual general meeting. After all, what is the method by which the public at large comes to know about the affairs of company? It comes to know only after the report has been placed before the annual general meeting. There is a statement of the Chairman of the board of directors, and there is the balance-sheet and the profit and loss account. And unless these are available the public will not know what is happening to these public enterprises. And, therefore, my suggestion is that in this respect an annual general meeting must definitely be held for all public enterprises, and therefore, there should be no exemption under any circumstances to governmental companies.

The Deputy Minister of Production (Shri Satish Chandra): Who will attend that meeting?

Shri Bansal: The shareholders.

Shri Satish Chandra: But when the shareholder is only the Government?

Shri Bansal: But Government nominates. There are certain nominees. All these meetings are even now being held.

Shri A. M. Thomas: What about the 49 per cent share-holders?

Shri Bansal: I am thankful to my friend Shri Thomas for pointing out that the definition of public limited companies will be very large because any company where Government holds 51 per cent of the share will come under the purview of this particular clause, so that even if 49 per cent of the shares are held by the public that will be a governmental enterprise. So, from every point of view it is important that an annual general meeting of the shareholders should be held.

I would also suggest that there should be provisions relating to investigations. These should also be made applicable to governmental enterprises because if there is a company in which the public holds 49 per cent. of the shares and some shareholders have a real or imaginary grievance......

Shri T. S. A. Chettiar (Tiruppur): Minority shareholders.

Shri Bansal: I do not know how you can call them minority shareholders. But these provisions relating to investigation are already in our Act and therefore if the requisite percentage of the shareholders as desired by the relevant provision of our Bill want the affairs of the company to be investigated, certainly they should have the power to approach the Government of India, or in some cases the court, to order an investigation.

I have nothing more to add exact to repeat that this House should have a full opportunity to discuss which of the provisions of this Act will be made applicable to the Companies in the public sector and which of the provisions will be amended in their applicability to them, before they are notified and before they are laid before the House.

Shri K. P. Tripathi: I find that in the definition of Government companies it is said that it will be a Government company only if 51 per cent of the shares are held by Government. Recently a company has been floated for prospecting oil in Assam in which I understand the Government is to get only 33 per cent of the shares. Now, it is obvious that although the Government may have only 33 per cent of the shares, the public and the country would expect a high standard of efficiency and accounting wth regard to this company, of the type which Government audit entails. Therefore, I feel that this definition that a company will be a Government company only if Government has 51 per cent of the shares is incorrect.

4 P.M.

The other day Shri Gurupadaswamy himself was saying that if a person controls fifteen per cent of the shares he controls the company. Therefore it is for Government to find out as to what is the level in the country today at which persons or concerns are controlling such companies. I humbly submit that thirty per cent shares, if controlled by a concern or an individual, leads to the control of the company. Therefore, if thirty per cent or more of the shares are controlled by Government (either State or Central, or both combined) it should be regarded as a government company, and in that case Government should be responsible for the high standard of audit provided for government organisations.

Shri A. M. Thomas: Is it not dangerous to extend the privileges enjoyed by government companies to such companies?

Shri K. P. Tripathi: I am not talking about privileges. My friend points out to me that in this Government takes the privilege of withdrawing the provisions with regard to other companies from being applied in the case of government companies. I submit that Government should not ordinarily withdraw the application of any of these provisions which are applicable to private companies from the government companies. Because, after all, these provisions are very essential, and they are the provisions which would be necessary for keeping companies in the right course in India in future. Therefore, I cannot expect any Government trying to withdraw the application of these provisions from the government companies.

I agree with Shri Bansal that this Chapter has been hurriedly drafted. I do not know why it was so sketchily drafted. It should have been properly and fully drafted, and the intention should have been made clear. It seems there was a hurried suggestion in the Joint Committee and hurriedly a draft was put up, and the draft means hardly anything. I think Government did not apply its mind or, if it did, applied it sketchily with regard to this problem. I quite agree with Shri Bansal that in the future a condition is envisaged in which there will be larger and larger number of companies coming into the public sector. As a matter of fact, it is well known that for the last few months there has been a great deal of controversy whether the public sector should be larger or the private sector should be larger. If we are envisaging that the public sector should be larger and larger, in that case we cannot expect that the standard of vigilance of management in the public sector would be lesser than the standard provided for the private sector.

Then I come to the question of efficiency. It is one of the most important things, because in the world ultimately efficiency will win. If it be said that the public sector is going to be less efficient than the private sector then it is obvious that the public sector shall have to go. Therefore, we will have to put the public sector on an equal footing with the private sector so far as efficiency is concerned. How can it be done?

In the case of the private sector, as you know, there is a check on the management. If the management is inefficient, then the shareholders are a check. If there is a managing agency, then the board of directors are a check. But in the case of the public sector there is not such a check.

Shri A. M. Thomas: The entire Parliament.

Shri K. P. Tripathi: Parliamentary control is only through the Minister and therefore Parliament has no direct

[Shri K. P. Tripathi]

control. The only control is through the auditors. And so far as auditors are concerned they can provide only financial control. But efficiency is not determined only by financial control Efficiency is also determined by the control of the workers there, the proper relation between the industry and the workers.

Since in the public sector this check, namely the check of the shareholders, is not there I submit that it would be necessary for Government to find out some measure by which efficiency is automatically ensured. And that can come, I submit, through associating labour in management.

I am glad to say that Government has already shown a tendency to associate labour in management, as in the case of Sindri. But the association is only perfunctory, because it is only at the top level. At the lower levels there is no such association. After the country has changed into this new democratic set-up I submit that the bureaucratic system of administration in the companies would not be of any avail. Already it is breaking up with regard to the railways. It is not of any avail whatsoever with regard to Posts and Telegraphs. It will not also be of any avail with regard to the industries managed by Government. Therefore, what has to be done? Government comes to the inevitable conclusion that at different stages, rather than bureaucratic control, democratic control shall have to be set up. And democratic control can come with all its attendant advantages if labour is associated in the management at different stages. At present, due to legacy of the past, there is a great deal of suspicion towards labour in the mind of the authorities who administer government enterprises, and whatever attempt there may have been at associating labour in the management, the real association has not occurred. Therefore the wall that separates labour from management has not broken, and real understanding and approach has not occurred. This we have to consider. I humbly submit that Government shall have to think in this line and shall have to discover the ways through which this continuous contact and relation can be established between the workers and industry.

From this point of view Government has made a start. I am glad it has made a start, but there is a long way it has to go before it can prove a complete success which is what is desired.

I will give you an example of how even ignorant workers can be of great assistance to management. There was a company in our part of the country in which the employer and the workers came to a conflict and the management ran away declaring a lockout. And a very ignorant, illiterate worker ran it for seven days without any money from anywhere. He ran the factory, he ran the machine and he ran the field work. Everything was run as if the management had not disappeared at all. Therefore, the capacity in the peopel who are actually working in the factories, to run and administer the factories and industries properly is very great. But that has been under estimated. The present theory is that there is a characteristic difference between management and workers, the workers are ignorant, that management is very superior and that superior knowledge is not available to the workers and therefore the workers are not entitled to participate in management. This theory is completely wrong as was proved by the experience of Yugoslavia where I found that the workers had been made the management itself, and they were managing the industries quite well except in the case of highly specialised and difficult industries like steel in which also this system has been tried through a two tier management, because they found that in one tier it was difficult, as special knowledge was necessary. Therefore they have made a two tier management, one for branches and one for the whole. In the latter people who have a complete grasp of the organisation come, while in the former only people having grasp of the branches come. In this way they have tried to set up the management.

In our country also we shall have to go somewhat the same way, and if we do so I have no doubt that the amount of assistance which will be forthcoming for the management of the public sector would be very great indeed. Much of the supervisory structure which is there only for the purpose of creating difficulties between workers and the management may become completely unnecessary if this association is brought about. This is the way in which we have to go. But we have not been able to find anything of this sort uptill now. I therefore submit that Government should give further thought to this chapter and to this problem. I am glad that Government have given an assurance that as soon as the discussions now pending with the Planning Commission are over, they would try to associate labour on management in some way or other. But that assurance also is so tenuous and so doubtful that it shows that Government have not been able to make up their minds; they seem to feel that this is an experiment on uncharted oceans, and they think they will be stepping into some unknown void into which it was better not to step in until everything was known definitely. I beg to submit that it is not an uncharted ocean. Experiments have been made in the world already—we are not the first to make these experiments here—and they have paid dividends.

I have been saying the same thing to my hon. friends Shri Tulsidas and Shri G. D. Somani, namely, that if workers are taken into confidence, I have no doubt that they would be able to account themselves well.

Shri Tulsidas: Why not start with Government companies first?

Shri K. P. Tripathi: I am merely saying this as a side issue referring to you, but I am referring here mainly to Government companies. I made a reference to you because you are after all our masters immediately; Government are our masters only in the future. I say therefore, do not regard us any more as your servants. We have become effected now as workers, we want to be your co-sharers and close friends and equals. Give us that place of friendship beside you.

I am submitting to Government that it is very necessary for us to determine which way we have to go. We must not think that it is merely an experiment that we are going to try. It is no longer an experiment. It has succeeded in other countries, and we have only to take bold steps and proceed along that way.

In this connection, I would like to make reference to one other point. I have noticed with great concern that Government have not so far taken any steps to expand the business management in the country. There has been a tendency in the Government secretariat to try to monopolise all these employments in the industrial sector of Government, so that no new management need come into existence. But I beg to submit that the management of an industrial concern is not the same thing as the management of a Government department. To be a secretary in one department is one thing, but to manage an industrial concern is quite another. Therefore, from the Government's point of view, particularly after it has adopted the socialistic pattern of society, it is very necessary that business management may be taught as an art, and people might be trained in that; institutions might be opened, just like the business management institutions that are there in Massachusetts in USA. But nothing of that kind has been done in our country. I for one feel that the civil service is standing in the way. Otherwise it would have been done long ago. The civil service feels that it is not to their interests to promote such ventures. Until these things are done, I have very great doubts whether Government will be able to ensure efficient management in any sector. I therefore suggest that Government should take immediate steps to promote better business management, and for that purpose, establish business management training institutes.

[Shri K. P. Tripathi]

They should also expand the present business management and create a new business management service in this new department, so that people from that service might be allocated to the various concerns for the purpose of mananging them. And the present structure of having the department and the industries in so combined a manner that a person who is managing a department of Government is suddenly transferred to an industrial concern, and he becomes suddenly an industrial expert, should go.

I feel that the sketch presented in this Bill with regard to Government companies is very inadequate. That shows that Government have not applied their mind fully to this problem. I hope that they will apply their mind fully to this problem, and bring forward the necessary legislation. I hope they will also expand the business management and completely associate labour in management, so that the society which we have envisaged for the future may be evolved.

[SHRI BARMAN *in the Chair.*]

Shri T. S. A. Chettiar: The clauses that we are now discussing are some of the most important clauses in this Bill. Before dealing with those clauses, I would like to seek a clarification on one point. In his reply to the debate on the previous set of clauses, the Finance Minister referred to these clauses and said that the clauses which referred to meetings of directors, etc. will apply to insurance companies, banking and other companies also. What we are anxious to know is not only about the meetings of directors, but also about the clauses relating to the protection of the rights of minority shareholders, remuneration and such other matters. I have seen the clauses in the relevant parts in those acts, and I find that we do not have clauses in this part corresponding to what we have in the earlier part. So, I would like to know categorically from Government whether such important clauses as relate to the protection of the rights of minority shareholders, etc. will apply to these companies. Besides, there is also the question of interlocking. Interlocking is one of the evils which we are seeking to avoid by this measure. We know that insurance companies are purposely being created for the sake of interlocking. I would like to know whether the safeguard that has been provided in this Bill against interlocking, and the protection afforded to minority shareholders will be available to those joint-stock companies which are operating as insurance companies and banking companies.

Now, I come to clause 611. I know of a certain type of companies in which 51 per cent shares are not held by Government but through Government agencies. Let me tell you the case of a mill in a certain part of the country. About Rs. 35 lakhs was subscribed to that company by the Central Industrial Finance Corporation, while about Rs. 30 lakhs was provided by the State Finance Corporation. The result was that nearly 65 lakhs out of Rs. 1 crore was subscribed not by Government as such but by agencies which are worked by Government. According to the definition given here, that company will not be considered as a Government company, for the definition here only reads:

> "...Government company means any company in which not less than fifty-one per cent of the share capital is held by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments."

In this respect, I would like you to consider what has been stated by the Comptroller and Auditor-General himself. These clauses were referred to him after they were passed by the Joint Committee, and he has made certain remarks on these clauses, to which I would like to make a brief reference here. In regard to this particular clause, he has stated:

> "There is no reason why the predominance of Government's

> interests should be judegd only on the basis of the share capital contributed by it. It may well happen that Government may take little or no share.."

—as in the case of the companies that I mentioned—

> "..but advance the bulk of the company's capital requirements as loans or debentures".

I am not referring, however, to loans and debentures.

> "The criterion should be the relative proportion of the finances contributed by the public and the private sectors; It is also possible that Government's capital in such companies may have been contributed not by Government direct, but by Government corporations."

By 'Government corporations' he means the Industrial Finance Corporation at the Centre as also the State Finance Corporations.

> "The interests of Government corporations in such companies should be aggregated with Government interests, to determine whether it is a Government company or not."——

Then, he goes on to say:

> "The subsidiary of a Government company should also be deemed to be a Government company.".

I am not here referring to the case of subsidiary companies. I am referring here to a matter of policy.

I understand Government have taken into consideration the advice of the Comptroller and Auditor-General as I find from the amendments that they have moved today. But the important question is in regard to the definition of Government Companies whether Government company means only a company in which 51 per cent of the share capital is contributed by Governments, State as well as Central, or whether it also means companies where shares are taken by investment corporations which are created under statutes

The other matter which has been referred to by the Comptroller and Auditor General specifically is companies' capital requirements as loans and debentures. I would like Government to make a note of this and give us a considered reply, especially as this matter has been raised by such an authority as the Comptroller and Auditor General.

Mr. Chairman: Has the hon. Member given notice of any amendment on the point?

Shri T. S. A. Chettiar: Yes, I propose to move amendment No. 109. It may be noted so that I need not send a chit at the Table.

Shri K. K. Basu: Verbal chit is accepted.

Shri A. M. Thomas: If it, has not been circulated, he may please read it.

Shri T. S. A. Chettiar: It has been circulated. It is No. 109 in List No. 6. It must have been circulated long ago.

Now, this is what the Auditor General has himself suggested.

Shri Mohiuddin (Hyderabad City): May I ask whether that letter from the Auditor General was addressed to Shri Avinashilingam?

Shri T. S. A. Chettiar: It was addressed to the Public Accounts Committee.

Shri Mohiuddin: On a point of order. May I know if that document submitted before the Public Accounts Committee has been placed before the House? If not, is he in order in reading from a document which is still a confidential document?

Shri T. S. A. Chettiar: I do not think there is any document placed before the Committee which is not available to the House.

Shri Mohiuddin: They are confidential.

Mr. Chairman: The point is whether that document is available to the House.

Shri T. S. A. Chettiar: I can make it available now. I can place it on the Table of the House today. But I do not see the point of this petty argument. The matter is one of principle. Is he opposed to the point of principle?

Shri Mohiuddin: No.

Shri T. S. A. Chettiar: Then I do not think we need take account of that. The amendment says:

> "Government company means any company to which the Central Government, or a State Government or Governments or a Government Corporation, either alone or in combination with others mentioned above, have contributed finance in the shape of share capital, debenture capital or loans and advances of an aggregate value exceeding 70 per cent of the total of the paid up share capital and debenture capital of the company....."

This is my amendment which I hope Government will consider.

Now, I come to the next clause, clause 613. Here, they have accepted the view of the Auditor-General in that the audit report will be placed on the Table of the House, and if in any company the shares are held by any State Government or Governments, it will be placed on the Table of the legislatures of those respective States. As far as that portion of the Government is concerned, the views of the Auditor-General have been accepted and so I have nothing more to say about this point which I raised during the general discussion.

Then I come to clause 614. It is, in my opinion, a very important clause. It can so hapen that the Government may by their notification change entirely the company law in its application to public companies so much so that there will be two company laws operating—one for the private sector and another for the public sector, if I may use that phrase to define Government companies. To my mind, the question raised by Shri Bansal is very vital. I should expect that in the notification that they issue, what they will exempt will be the minimum, and which is vital to the working of these Government companies. All those restrictions, all those guarantees which are given to minority shareholders, all those investigations for which power has been taken by Government to see that the companies are run properly —all these can be kept intact so that they will apply to the Government companies defined in clause 611. I should also expect that when the notification is placed on the Table of the House, it will be scrutinised and if necessary, time will be given to discuss the same. It is absolutely important that it should not be felt by the private sector that they are treated differently in this respect. As a matter of fact, for good management, it is necessary that all those clauses that are now being incorporated in this Bill must apply to any company, and it should not be an advantage to some people that they are not governed by this simply because they have had the advantage of Government subscribing 51 per cent of the share capital. In fact, if any such important clauses are omitted in relation to a company, it will contribute towards the inefficiency of the company it will contribute not only towards the inefficiency of that company but also to the bad running of that company, and carelessness of that company.

I would like to relate here an incident that happened in Madras when I was in office. We undertook to run the Madras motor transport services in the city; after three months had elapsed. Sir Archibald Nye, who was then the Governor of that state and is a very very clever man—he rose from the ranks to be Deputy Chief of the General Staff in England—asked me in a joke 'Have not the fares been raised yet? The implication of the question is that whenever Government take up a venture, inevitably there will be losses, inevitably the cost will be higher, and inevitably fares will be raised. I do not like to say how the Madras motor transport services fared, but I would certainly like to say that the interest that is evinced by people in private management is absent when public servants are appointed to manage these companies. They have no interest in the matter; they work to office hours, they are not concerned with loss, they are not concerned with the good or bad reputation or the good work of the company, because they are there for a few years and afterwards, they are transferred. Therefore, in many cases it has happened that whenever an undertaking is taken over as a public undertaking, while we have the satisfaction of Government taking it over, the managerial efficiency suffers.

Shri Rane (Bhusaval): If they are running at a loss, why should Government run the business? This is arguing against public undertakings.

Shri T. S. A. Chettiar: My friend evidently does not know that many of the companies which Government have recently taken over are running at a loss; they are not running at a profit. Many of the companies that Government have recently floated are running at a loss. The point is that under clause 614, they should not exempt any of these Government companies, unless it is absolutely essential to do so for the efficient running of that company. That is the point which I hope Government will take note of, and see that not one of these clauses is relaxed, unless a case is made out for such relaxation.

While on this point, I would like to emphasise one point, to which reference was made by Shri K. P. Tripathi. Today the administrative services manage our industrial concerns also That is our difficulty, that we do not have a managerial cadre in government service. I think the Government are contemplating such a service; sooner rather than later, they must evolve a cadre in which they must have the services of good, trained businessmen who can be relied upon to manage with efficiency many of the industrial concerns which we hope to start in the near future.

Now, I will refer to clause 631. This deals with the presentation of annual reports by the Central Government. The Government having clothed themselves with so much power will give in the report that they place before the House a detailed account of the action taken under the various important clauses of the Bill.

Clause 633 provides power to the Central Government to make rules. Usually, in the other Bills which are smaller, we specify the various clauses under which they make rules. But this is such a big Bill and it will be too long to provide for such a procedure. But I hope that the rules that will be framed will be consistent with the needs of the situation, and will be placed on the Table of the House as mentioned in clause 633.

Pandit Thakur Das Bhargava (Gurgaon): In regard to these clauses, I have submitted three amendments. To one of them, reference was made by my friend, Dr. Krishnaswami, and since I agreed to what he was pleased to say, I requested him to give an amendment in our joint names also.

Now, in regard to the first amendment, I beg to point out that I want in clause 619, in page 287, line 7, for the words "was frivolous or vexatious" the words "was false and either frivolous or vexatious" should be substituted. The House fully knows that in section 250 of the Code of Criminal Procedure the words used are 'false and either frivolous or vexatious'. In the present clause 619, the word 'false' has been taken away. I beg to point out that as a matter of fact I have yet to find out any prosecution of any person which is not vexatious. Every prosecution is vexatious to the accused. If the word 'false' is not there it would follow that even in a true case any complainant could be brought to book and fined as it were under clause 619. The right to complain has been given to the Registrar, to the Government or to the shareholder. I want the protection of the shareholder. If you want to give this right to the shareholder—as you rightly give it—the shareholder must be protected. We

[Pandit Thakur Das Bhargava]

cannot expect that every shareholder will be so circumspect that the accusation which he brings will be so very much substantial, that he will be able to judge whether it is frivolous or non-frivolous. I can understand any poor shareholder who has been mulcted, who has been oppressed by any action of the company or its officers taking it into his head to go to court and to complain against the acts of the officer or of the company. In so far as that is concerned, to expect that he will be upto the mark in all matters is to expect the impossible. Every person judges things from his own standpoint whether the irritation or injury that has been caused to him is substantial or not. Even the court or the officer is not the best judge; the shareholder himself is the best judge. If the complaint is true, whether it is very substantial or more injurious or less injurious, or whether it is frivolous or trivial, the best judge is he himself and not any other person. Therefore, if you want to protect the shareholder, if you want to see that the shareholder brings complaints to the court, it is absolutely essential to say that unless and until the complaint is proved to be false, no action shall be taken against him. If you have the present provision you will be stifling good complaints; they may not be very substantial in the eyes of the judge or any other person. My humble submission is that we have got the words, 'false, frivolous or vexatious' in the Criminal Procedure Code. They nave been there for a very long time. When there are certain penal provisions in the Criminal Procedure Code and the Indian Penal Code and they have stood the test of time and have proved to be very good and successful, there must be some very good reason why you should change those words into the words which appear in clause 619.

In order fully to realise what is the effect of this change, I will just give you an instance. Even in a case which may not be true but which may be believed to be true by a shareholder he will not be protected. I remember a ruling in *PR 29 of 1894*—I am speaking from memory—in which a person went to the police station and reported that he had heard that a certain person had committed a murder and had interred the dead body of the deceased in a grave. The police inspector was ordered by the magistrate to go to the spot and find out whether it was true. He went and found that the allegation was not true and then the man was challaned. Subsequently, it appeared when he was asked to defend himself, he stated that he had heard about it from so and so and that person was produced who had informed him. That person appeared in the witness box and then it was found that the man who had made the complaint was not maliciously inclined but he believed the information to be true and made the report. It was held that that man was not guilty.

In regard to these matters it may so happen that the person who makes the complaint may not have first hand knowledge; he may be one of the shareholders and other shareholders might have complained to him and it may be that he brings his complaint under the erroneous belief that the complaint was a true and good one. Under these circumstances, unless it is proved that the complaint was false to his knowledge, that man should be protected by law. If you have only these two words, 'vexatious or frivolous', I am afraid you will not be giving the full protection of law which every other complainant in this land in regard to other matters, in regard to other offences, enjoys. Therefore, it is our duty to see that in the company law, which is a recent law, in which we feel that the shareholders are not given a square deal, we must see that they are protected at least to that extent to which other complainants in this land are protected. I would, therefore, beg of you, that unless Government can say that they have very good reason why they want to change these words, to kindly substitute these words for the words, 'false and either frivolous or vexatious' so that it must be proved to be false, to be vexatious or frivolous. If both things are not proved, then no damages etc. should be awarded.

Dr. Krishnaswami: On a point of order, Sir, the Minister is not here.

The Parliamentary Secretary to the Minister of Finance (Shri B. R. Bhagat): I am here.

Mr. Chairman: It is, of course, expected that somebody should be here.

Shri M. C. Shah: I am here; I had just gone for consultation.

Pandit Thakur Das Bhargava: So far as my amendment with regard to the notification is concerned, the advice of the advisory commission must be obtained before any such notification is issued. I am extremely sorry to find that in this Bill, clause 614, as it is worded, is practically meaningless. I should have expected that when the Government wanted to take such drastic powers so far as the private sector is concerned, it should have at least—only to serve as an example to the private sector—placed before us a code of conduct so far as company management is concerned which could apply to Government companies.

I do not want to enter into the controversy between the private sector and the public sector. To me both the sectors are equally sacred. All industries whether run by the Government or by the private sector must be such that they are in the interests of the country. It is not my complaint that the Government have gone too far so far as the public sector is concerned. If I find that so far as the public sector is concerned, it is immune from all the evil practices which we find in the private sector, that will be an ideal day when all industries will be dealt with by Government and the Government will do everything that the private man wants to do; though I will not be so happy because according to me so far as private enterprise is concerned, I would rather be much happier if the Government had nothing to do with enterprises and the private sector monopolises all the industries without committing any malpractices. According to me that organism is perfectly healthy which does not know where the liver is. If there are malpractices in the private sector remove those malpractices. If, in removing all the malpractices, you remove the private sector if the disease is irremediable, you may be perfectly justified if the public sector is good. But, if in the public sector you find all the industries are not prospering as well with all the concessions you make, how can you say that the private sector should behave well. I know of certain examples like the Calcutta Telephones which were previously run by private sector and then were taken up by Government. When some activities were taken over from the private sector and run by the public sector they did not prove a success. I wish that all our public sector activities proved to be a success. We have got the railways and we are very proud of them. After all we are running them in the right way, but at the same time, in regard to other industries, I am very sorry I cannot say the same thing. I had occasion to go to some factories run by Government—ordnance factories and other factories—and I requested them to adopt, so far as accounting is concerned, the business accounting system. Upto this time, in spite of our best efforts, we have not succeeded. If one goes through these factories, he will find that they are not being run with the same economy as our private industries are run. I know that in private industries the persons are interested. You may call them the accused managing agents or even by a worse name. All the same, those persons are directly interested, because the managing agents' money is invested or because the money of their relations is invested, and they devote themselves entirely to their industries and make them a success. But in public industries I would be very glad if our officers, who are appointed to be in charge of industries or factories, behaved similarly. Probably they cannot behave. As I submitted two days back, suppose there is a fire in a factory run by the private sector, then the

[Pandit Thakur Das Bhargava]

managing agent, if he is honest, will spare no pains to see that the fire is put out even if it may involve risk to his life. But if it is run by the public sector, the officer in charge appointed by Government will come to the spot after he hears that the fire has been extinguished. This is the difference between the private sector and the public sector. I would like at least some of the industries which are run by private people, to be run by Government and that Government may be able to make an example of them. In that case, Government can certainly ask the private sector to behave rightly and follow the examples of the Government. But if the Government cannot do that, then I am very sorry to submit that the standard which they are expecting today of the private sector is too much and perhaps Government have no right to expect it from the private sector. I would, therefore, submit that so far as these rules are concerned, Government should have come out with a set of rules from which they could be satisfied that those rules if applied to the private sector will be equally applicable to the public sector. If the rules are the same and if the Government follow them, certainly the private sector has no right to complain and it must follow all those rules and perhaps more stringent rules. But, so far as Government factories are concerned, very high paid officers are appointed and then there is no probe into them. We do not know what happens. Many a time in this House we have made the demand that so far as these factories are cencerned, the House must see how they are worked, but we have not yet got the right to see them. I do not know whether it will be wrong for me to say that the Government factories are always run in such a manner that we can cavil at them. It may be that some of the factories may be run rightly, but at least we have a right to know what rules are applied and what rules are not applied there. Again, as my friend Shri Tripathiji has just explained, if Government factory is a public sector factory, then all those reforms which you want to see enacted in private sector so far as labour is concerned should at least be followed in the public sector because people will follow the example set by Government. If in the Government factories we find that there are malpractices, etc., then Government cannot come with their head erect to the private sector, for which we have now made these rules—it looks as if we have made these rules in regard to the private sector only. When we come to the Government Departments themselves, I am very sorry to find that everything has been left to Government. This usually happens and in all these legislations I find that so far as the operative sections are concerned, they are all, as a matter of fact, relegated to the realm of making rules, etc. So far as the operative sections are concerned, they are to be found in the rules. What do we find in rule 614? It says that the Government shall at their leisure decide what rules will apply and what not. How do we know what the Government will decide? I have therefore submitted my proposal in order to strengthen the hands of the Government and at the same time to inspire confidence among the public; Government before they issue any notification in regard to this should adopt my proposal. My complaint is that the Government should have come up with detailed rules and provisions before us showing what they propose to make applicable to the Government sector. In the absence of any such provision, all that I can submit at this stage is that the Government should send the subject matter of every notification to the Advisory Commission and after taking their views, then alone, should they be able to issue a notification. This is a very small point and I know the hon. Finance Minister will do this.

Shri C. D. Deshmukh: By rules the hon. Member means the sections which we want to suggest for exemption. If so, I may say this. At one time, Shri

Bansal suggested this. We brought before the Joint Committee a list of these sections. Our original proposals were put before them. The Joint Committee considered all these things and they said that instead of giving all these sections, they would leave it to the Government to pick and choose. The reason was that all of them might not apply to all companies. Some companies may have to be exempted from some and not the others. That is why they preferred this scheme.

Shri N. C. Chatterjee: It was discussed at the Joint Committee. I remember it was again referred in the Joint Committee's report.

Shri C. D. Deshmukh: I should circulate to hon. Members the same list that was circulated to the Joint Committee or rather our original proposals so that hon. Members may know which sections we have in mind.

Shri Asoka Mehta (Bhandara): We should adjourn at 5 o'clock and discuss this tomorrow. What is the point in circulating it, otherwise? We should have a chance to study what you circulate.

Mr. Chairman: That is with reference to clause 614. The other clauses can be discussed.

Pandit Thakur Das Bhargava: I am very glad that such a list was prepared and hon. Finance Minister was pleased to say it in the general discussion also that such a list was prepared. I remember he did say. But it is very unfortunate that the Joint Committee did not go through the list and finalise it.

Mr. Chairman: Will it be circulated tonight?

Shri C. D. Deshmukh: Yes. I have got the list here. I see the force of what the hon. Member says. That clause can be taken up later on. I shall see that it is circulated. It is a long statement.

An Hon. Member: That is the most important clause.

Mr. Chairman: We have got enough time even tomorrow.

Shri N. C. Chatterjee: We found out in the Joint Committee that it was difficult to apply all the clauses to all the companies we were in a difficulty. I was not very happy with the clause as it stands now. If the Finance Minister will set out those clauses which should be applicable to all companies including the Government companies—there may be variations made in respect of certain clauses, say, with regard to the filing of returns, with regard to the annual audit, with regard to submission of returns, with regard to minority shareholders, prevention of oppression etc. it will be good. At least those clauses should be the same. There should be no feeling created that Government is taking immunity because they are Government.

Pandit Thakur Das Bhargava: I am very glad that the Finance Minister has been pleased to repeat what he said in his original speech. But it is very unfortunate that the Joint Committee did not go through this list and finalise it.

Shri N. C. Chatterjee: We did. My hon. friend will kindly look at page XXV. He will see that we have reported as follows:

> "The Government had prepared a set of clauses, setting forth in detail the provisions of the Bill which should not apply to Government Companies at all and the manner in which other provisions should apply to them. But an examination of these clauses soon revealed various difficulties and in particular that the exemptions and modifications could not be made on a uniform pattern..."

That was our difficulty. But, I hope the Finance Minister will now be in a position to give those clauses which should be made applicable and making some elasticity in respect of others.

Then there is another thing. I appeal to the hon. Minister to consider the amendment of Pandit Thakur Das Bhargava. We had suggested that after the notification is made by the

[Shri N. C. Chatterjee]

Government that should be laid before the House, but Pandit Thakur Das Bhargava says that it will be a very illusory safeguard and it would be much better to have it laid before the House, to have discussion over it and then to have a resolution adopted by both the Houses.

Pandit Thakur Das Bhargava: I am very thankful to Shri N. C. Chatterjee for very kindly giving support to me in this matter. I have suggested that even if it comes before the House it must be debatable in the House and if any modifications are to be made the House will be able to make them. This was suggested yesterday by the Deputy-Speaker, in regard to the rules in general but apart from that, my amendment is that in respect of this notification—I know that several sections of this will apply and the hon. Minister will be pleased to give a list or make it a part of the statute under section 614—there must be many other sections—to which reference has been made by Shri N. C. Chatterjee. and in the note also we find that there are some provisions which cannot apply at all to the public sector; for instance, this audit report, minority oppression, profit and loss account...

An Hon. Member: Why?

Pandit Thakur Das Bhargava: I am very sorry; since according to the definition of this, the companies in which there are 51 per cent shares this question can arise. I think those provisions also will apply. But, there will be many other provisions which will not apply to the government companies. Therefore, I am submitting that after the list is given and after any notification is issued in respect of those matters in which this list is silent, or subsequently any other thing takes place in regard to which there is difference between the private sector and the public sector, the matter should be referred to the Advisory Commission. After the advice is obtained the Government can certainly issue a notification and lay it before the House. There will be two safeguards, but the other one is not a safeguard. I envisage that any Advisory Commission worth its salt will co-operate fully in the matter, and they will only give the advice which the Government will be very glad to follow. The real safeguard will be this that it will be placed before the House for its consideration after the advice has been obtained. I am, therefore, very anxious that the hon. Minister may kindly be pleased to accept this part of the amendment also, of which due notice has been given, that it shall be laid here before the House and if the House wants any modification to be made therein, then those modifications will be such as will be competent for the House to make.

Now, that this is done, the country will know, and all this row about private sector and all the complaints that we have been making will lose their edge, that most of the provisions have been made applicable to the public companies. I would rather like that these drastic provisions in regard to the private sector relating to the inspectors etc., be made applicable to the public sector so that the public may know that so far as these two sectors are concerned the Government do not favour the one as against the other. This will give a great satisfaction to the country that there is no discrimination at all, unless it is necessary by virtue of the fact that it is private sector and the other is public sector in which case the necessary modifications may be made.

Sir, I have only given notice of these two amendments.

Dr. Krishnaswami: Review Commission.

Pandit Thakur Das Bhargava: I have said about it. With regard to the question of Review Commission I think Dr. Krishnaswami said everything that he had to say yesterday. He made out a very good case and when he made out this case yesterday I was so very much impressed by his speech that I requested him to put in my name also if he were to table an amendment. As a matter of fact, if there is a Review Commission, it may or may not do anything; it may or may not go into the matter very deeply, but the very fact that there will be a Review Commission will have its effect. The hon. Minister spoke of his Kandyan Prime Ministers. I would refer him to that very argument and that very argument applies here. The fact that there will be a Review Commission will make everybody feel cautious. Everybody will know that his work is likely to be renewed. The Government, the Advisory Commission as well as other persons who have anything to do with the Company Law will be cautious and they will do the right thing. The Review Commission may come after a long time, three years or five years, but during this interval everyone will think that it is coming, and it will have a very salutary effect. My humble opinion is that the position which was made out is a very sound one, and it was stated yesterday that there was a Review Commission already in existence.

Dr. Krishnaswami: A Review Committee.

Pandit Thakur Das Bhargava: In line with that Committee, I would request the hon. Finance Minister to give his best consideration to this also, and if he agrees with the principle, to accept this amendment.

Mr. Chairman: Shri Jhunjhunwala.

Shri N. C. Chatterjee: It will be much better to have the debate on a real footing so that we can have the benefit of discussion on the main question.

Mr. Chairman: Let others speak. It is not that every Member will speak on the same thing. It is only one section which is being deferred and it is not that every Member is interested in the same point.

Shri N. C. Chatterjee: I need not emphasise, but you know that really it is the pivot of the whole thing.

Mr. Chairman: Therefore, I say that those Members who want to comment specially on that clause may not speak today. Others may not be interested in that. There are other clauses also and any one who wants to speak, may speak. I have already called Shri

Shri Jhunjhunwala: Though we shall get the list tomorrow regarding clause 614, as to the clauses which will not be applicable to the public companies, before getting that list, it would have been better if we had heard the Finance Minister as to the principle or criterion on which that list will be based, so that we will be able to judge whether a particular clause would apply to the public company or not. As a matter of fact, what I was thinking was that so far as the governmental companies are concerned, there should be stricter provisions. Not only should they be placed before Parliament but the minority shareholders should have as much opportunity of examining those things as the others have in the private sector. Then and then alone the subscribers to the shares in private and public companies will be able to judge whether the governmental companies can work better and can give better results in the interests of the country or whether the private concerns can give better results. I have very poor experience and everyone who has sat on the Estimates Committee or on the Public Accounts Committee has pointed out how the departmental work is being carried on, and how these lapses have been brought to the notice of Parliament.

Even when there is a question of control, the Government have taken into their hands the control of so many industries and in different ways. Just as my hon. friend Pandit Thakur Das Bhargava has said, it is no concern of a Government servant to see whether a particular industry is carried on properly or not. The managing agent of a private concern, when a fire takes place in his factory, he will just go, and would not mind his life being in

[Shri Jhunjhunwala]

danger, and would see that the fire is extinguished before any damage occurs.

Shri C. D. Deshmukh: It was pointed out to me that our original draft—paragraph 12A—forms appendix XIV of the minutes of the meeting. Therefore they are available to Members. In other words, these give us an idea as to what sections Government companies could be exempted from and the simple point that was before the Joint Committee was that all Government companies, as they are defined, cannot be uniformly exempted from all these clauses. For instance, you may have a company with 53 per cent government capital; or you may have another company in which the entire share capital is held by Government. In the case of that company, there is no question of control of minorities. Therefore, the notification would have to be specific and individual in regard to particular companies. You cannot have a rule which says that it shall not apply to Government companies. The same thing will not fit all Government companies. This thing appears in the minutes and therefore hon. Members are really possessed of this.

5 P.M.

Shri K. K. Basu: There was some other suggestion to ...

Shri C. D. Deshmukh: Our suggestion was not approved by the Joint Committee for the reason that clause 234 provides that investigation may be necessary on behalf of shareholders. That assumes that there are other shareholders than Government shareholders. So, one would say that in companies where there is mixed holding of Government and other shareholders it is concievable that there may be 100 or 200 shareholders who may complain of something and therefore, an investigation may start. But supposing it is a company in which Government holds 100 per cent shares, there need not be investigation because there would be no shareholder who would complain.

Dr. Krishnaswami: Yes, there would be no need for investigation in that case.

Pandit Thakur Das Bhargava: There would be need in this way. It may happen that in a particular company where there are no shareholders other than the Government, there may be some kind of mismanagement and probably in the public interest Government itself may desire that there should be an investigation. So, there is no point why there should be no investigation.

Shri C. D. Deshmukh: Government may carry out an investigation, but not necessarily *via* the shareholders or the Registrar. They may appoint a committee of investigation. I only mention this as an instance; I am not arguing that particular case. I thought that case would illustrate my point. There may be many others where hon. Members would agree that that particular clause could not apply to a company held fully by Government; in those cases you would exempt it.

Mr. Chairman: The hon. Minister wanted a few minutes ago to circulate something; is it the same thing?

Shri C. D. Deshmukh: Yes.

Mr. Chairman: Shri Jhunjhunwala may continue.

Shri Jhunjhunwala: I was pointing out that so far as the Government companies are concerned, we should have a stricter clause in order that we may find out whether these companies are working efficiently or not. Pandit Thakur Das Bhargava has pointed out that there may be a Government company in which those in charge of the management may not take the same interest in the affairs of the company as a managing agent will have in a private company.

Take the industries over which Government has taken control. Take the sugar industry, for instance. In this industry, there was a reserved area and a free area. The cane used to be taken from some area which was reserved for a particular factory, while others were left free. Now, a particular factory could not utilise that cane; there was some breakdown in the factory and the adjoining factory applied to the Government saying, "That cane may be supplied to us." The factory to which the area was reserved also combined with the application and said, 'we have no objection to that cane being supplied to them." The company which wanted the cane wrote to the Government several times. They went on writing for a fortnight. They also wrote to the Government saying "our factory will be closing on such and such a date," and so it is very necessary that that cane should be supplied to us. What was the result? The result was that Government did not pass any order till the factory which wanted the cane was closed. After a fortnight, the order comes to the factory, saying, you are at liberty to take that cane, we have no objection. The whole thing was burnt and the poor cultivators suffered. This is the way in which Government do the work. So far as efficiency of the Government employees is concerned, I shall give another example of a highly placed officer.

Mr. Chairman: That may be due to defective working. What is the positive proposal?

Pandit Thakur Das Bhargava: Let us hope for better days; let us hope that everyone will do his duty honestly.

Shri Jhunjhunwala: We hope that things will be better now. What I was pointing out was, when the public also were taking shares and subscribing to a Government company, why should there be any distinction at all. I was requesting the Finance Minister as to what was the principle or criterion on which this clause is to be judged, so that we may be in a position to understand whether a particular clause should apply to a governmental company or not.

Shri C. D. Deshmukh: Did the hon. Member give some thought to the appendix?

Shri Jhunjhunwala: No.

Shri C. D. Deshmukh: That gives the various sections from which, in our opinion, *prima facie*, Government companies should be exempted. As I said, the Joint Committee thought that could not uniformly apply to all Government companies. If the hon. Member referred to some of these clauses, he can get some inkling of the reason why we have suggested this clause for exemption.

Mr. Chairman: This is in the report of the Joint Committee itself.

Shri C. D. Deshmukh: The report drew attention to the fact that there was such a draft. The minutes actually gave the draft.

Mr. Chairman: In the report itself, it is stated that these are the difficulties.

Shri Jhunjhunwala: Government are taking the power of issuing the notification regarding the clauses and other things. The list is given here. After we have examined these clauses, even if we come to a decision that Government should be given the ultimate power of issuing a notification, there is an amendment by my hon. friend Pandit Thakur Das Bhargava which says that just as you are giving power to the Advisory Commission to examine the particular clauses before the Government take any action, similarly, whenever the Government issues any notification, before issuing that notification, they should refer it to the Advisory Commission as to whether it is advisable to exempt Government companies from any of the clauses. Then, subsequently, it may be brought before House for discussion. Now, the only provision is that after having issued the notification, they will lay it on the Table of the House. That is not sufficient. We should know as to what the notification is, whether that clause should be applicable to governmental companies or not. That should be placed before the House and the Parliament should be entitled

[Shri Jhunjhunwala]

to judge. The whole power has been taken by the Government. My suggestion is that in the first place, the notification should be referred to the Advisory Commission and secondly, after the Advisory Commission has said that this may be issued, it should be placed before Parliament for discussion.

Another question relates to frivolous and vexatious prosecutions. My hon. friend Pandit Thakur Das Bhargava has rightly pointed out this matter. I have some experience of clause 233. In sub-clause 7, it is said:

> "If it is represented to the Registrar on materials placed before him by any contributory or creditor that the business of a company is being carried on in fraud of its creditors or of persons dealing with the company or otherwise for a fraudulent on unlawful purpose, he may, after giving the company....."

Then, subsequently it says:

> "If upon inquiry the Registrar is satisfied that any representation on which he took action under the sub-section was frivolous or vexatious, he shall disclose the indentity of his informant to the company".

And the company will be entitled to take action against him for compensation etc. Now, I have knowledge of one informal representation which was made before the Registrar, and all the facts stated therein were true. One fact related to a defalcation ten years back, and regarding that point the Registrar said: "Well, it is too old a thing. It cannot be investigated at this stage." Then there was another case one year old. That was a big case amounting to about Rs. 10 lakhs. The others were all minor things, say of Rs. 100, Rs. 500 or so of which defalcations had taken place recently. Then he said: "These are all minor matters." And he might have to be vexations and frivolous though the statements, made therein were true. Therefore, the amendment which has been proposed by my hon. friend Pandit Thakur Das Bhargava that the words should be "false and frivolous or vexatious" is very necessary for the protection of the complainant. Otherwise, some of the shareholders who are not so intelligent might be led away. They do not know what is fraud and they might proceed on hearsay and they might be hauled up.

Shri Tulsidas: I have got amendment No. 1026 to clause 611.

This definition of the Government companies was first introduced in the original Bill though such a definition is neither contained in the present Act nor in the English Act. That was a definition recommended by the Bhabha Committee. The obvious purpose of including the definition in the Bill is to provide a preferential treatment to such companies in certain matters. This is obvious from the three following clauses as also from the list of amendment which the Government circulated among the members of the Joint Committee. These provide for exemption of Government companies from certain provisions of the Act.

The working of the Government enterprises has been none too happy so far, and there is no reason, as I shall argue later, for granting them any exemptions. If that is the case, there is little room in the Bill for this definition. In spite of this, it is felt necessary to include a definition saying that it is in order to allow for special audit purposes. I suggest the original provision regarding 80 per cent. shareholding by Government be restored and not 51 per cent. My amendment is to restore the original clause providing for 80 per cent.

There is no experience to suggest that Government enterprises are run efficiently or to the best advantage of the shareholders or the nation. In one of his Budget speeches the Finance Minister made a certain reference with regard to the efficiency of private companies or the enterprises in the private sector, and he said a commission should be appointed to go into the affairs, the efficiency and working of the companies in the private sector. That was, of course, a retort which was published in the press. I really welcome the suggestion, because that will show the country at large how efficiency is existing in the private sector. Side by side, there should also be a Commission to see how the enterprises in the public sector are working and how efficient they are, so that it will give a clear picture to the country at large to examine the enterprises which are working in the private sector as well as those in the public sector and to see what is in the best interests of the country and which sector they should encourage and allow to function.

When you have a definition about fifty-one per cent shareholding, to my mind it becomes rather more discriminatory, because when we were arguing about this majority of fifty-one per cent it was said that fifty-one becomes one hundred and forty-nine becomes zero! If you see this list which was supplied to the Joint Committee, the list of clauses from the operation of which government companies are supposed to be exempted, to my mind it is much more discriminatory than anything else; because, as I see the clauses from the operation of which exemption is required, they are some of the most important clauses. I can appreciate about some of the clauses which may not automatically apply to government companies. Even if these are left without exemption, what does it matter? After all, if these provisions do not apply government companies, automatically they become useless for government companies. But why exempt them? The list is a very large one; I will come to it later on. But I am at present saying that fifty-one per cent means that in order that all the sins may be washed off, a company should have fifty-one per cent of government shareholding, and that means that Government can have for it all the exemptions which they have put in the list given to us.

We have provided in this Bill certain safeguards both for the purpose of safeguarding the interests of the shareholder as well as for public interests. Even if the Government holds fifty-one per cent shares and if exemption is to be given in respect of all these clauses mentioned in the list, then for public purpose or in the interest of the public it will not be possible to obtain the information. The people must know how the government companies are functioning. Therefore there will be no safeguard for the people to get the information which they ought to get from the government companies as regards their working.

I have argued against a reduction in government shareholding required to constitute a government company. The definition of government company creates an invidious distinction between companies in the public sector and those in the private sector. While our Constitution does not permit the Government to create first-class citizens and second-class citizens, the Government do not seem to have any compunction in creating first-class companies and second-class companies—that is, according to the fifty-one per cent shareholding of Government they must be exempted from the application of all those provisions which are applicable to other companies. Evidently companies in the private sector are to be treated as step-children, to my mind. It may not be unconstitutional, but it is definitely invidious.

The Government had presented a list of clauses showing how certain clauses of the Bill were to be applied to government companies. These amendments sought to modify the application to government companies of provisions relating to accounts and audit, reduce the rights of members to seek investigations of affairs and ownership of these companies and exempt them from the application of provisions relating to remedies in case of oppression and mismanagement and provisions relating to prospectus.

This is the list which was given to us. This list gives the numbers of the clauses which will not apply to Government companies. Those clauses are

[Shri Tulsidas]

clause 10 relating to jurisdiction of courts, clauses 17 to 19 relating to alteration of memorandum, clause 43 relating to prospectus or statement in lieu of prospectus to be filed by private company on ceasing to be private company, clause 44 providing that members are severally liable when business is carried on with less than seven or two members as the case may be, clauses 54 to 73 relating to prospectus and allotment, clause 78 relating to power to issue shares at a discount, clause 80 relating to further issue of capital, clauses 113 and 114 dealing with share warrants, clause 145 dealing with restrictions on commencement of business, clause 165 dealing with annual general meeting, clause 168 dealing with calling of extraordinary general meeting, clause 170 dealing with length of notice for calling meeting, clauses 208 to 222 dealing with accounts (Government being given powers to call for such accounts as they deem fit, and to require them to be kept as they deem fit), clauses 223—232 dealing with audit, clause 234, dealing with investigation of affairs of a company on application by members or report of registrar,—the rights of members are taken away under this clause—clauses 235-236 relating to application to be supported by evidence and right to apply in other cases, clauses 238 and 239 dealing with power of inspectors to extend investigation, documents and evidence to be produced (powers to be exercised with Central Government's approval; Central Government may give additional powers), clause 244 relating to recovery of expenses of investigation (the expenses to be defrayed by the Central Government, or, if so directed, by the company), clause 248 dealing with appointment and powers of inspectors to investigate ownership of company, clause 249 dealing with power to impose restrictions on shares and debentures (this would apply to Government company with omission of reference to clause 246), clauses 253 to 257, 259 to 263, 265 and 269 to 272 dealing with constitution of board of directors and share qualifications, clause 282 dealing with vacation of office by directors, clause 308 dealing with remuneration of directors (portion relating to commission not to apply), clauses 327 to 367 and 369 to 377 relating to managing agents (these clauses will not apply because Government companies will not have managing agents in future), clauses 396 to 406 dealing with remedies in case of oppression and mismanagement (it is said here that Government themselves will enquire into oppression of minorities and mismanagement), clause 431 relating to circumstances in which company may be wound up by court (here, it has been provided that court can order winding up only if company passes ordinary resolution, and no other cases are to apply), clause 432 dealing with the case of a company deemed unable to pay its debts (in the case of private companies the period is three weeks, but here it is three months), clauses 433 to 436 relating to transfer of proceedings, clause 437 relating to provisions as to applications for winding up, clause 438 relating to right to present winding up petition where company is being wound up voluntarily or subject to court's supervision (here, official liquidator cannot make such petition), clause 482 dealing with circumstances in which company may be wound up voluntarily (here ordinary resolution is substituted for special resolution), clause 555 dealing with power of registrar to strike defunct company off the register, clause 631 dealing with annual report by Central Government (to this clause, amendment No. 1075 has been moved by the Finance Minister providing that a separate report will be presented to Parliament on Government companies), Table A relating to articles dealing with share warrants and share qualifications, and finally schedules II to IV dealing with schedules relating to prospectus. This list gives more or less the clauses from the operation of which Government companies will be exempt.

Evidently, the shareholders of a Government company will have to remain without almost all the safeguards that are considered essential for them when they are members of privately owned companies. It is unfortunate that the affairs of Government companies, which have always been shrouded with secrecy and against whose mismanagement there are normally no remedies, are to remain so even when these companies are formally registered under the Companies Act.

Moreover, most of the Government enterprises that we have got are public enterprises in the form of corporations, with the result that we are tied hand and foot in making any enquiries with regard to their affairs.

And if by forming corporations, we do not get all the information we want—as is required in the case of the private sector companies—it will not be possible for people to know how these companies are functioning. You know that in the case of companies in the private sector, balance-sheets, profit and loss accounts etc. have to be produced within a particular time. There is no such requirement in the case of Government companies till now. The accounts we get in regard to Government companies are very sketchy; we do not get the same information as we get in the case of companies in the private sector. In this way, Government companies will be exempted, the same system of accounting will be adhered to, according what the Auditor-General would like to do or what the Government would like to do.

There is another point I would like to stress. It is in connection with the factories as Ambarnath and Jalahalli. Here I would like to point out how discrimination takes place when any company becomes part and parcel of a Government enterprise. The Report of the Engineering Capacity Survey Committee has some strong observations to make on this point. It is worth knowing what they have said. This is what they say:

"Whether the Jalahalli project proves a success or failure (and my opinion is that it will prove a colossal financial failure) it will be successful in putting Mysore Kirloskar out of business as this and other private machine tool firms will recognise the futility of trying to compete with a competitor who is subsidised with public funds.

One of the results of my enquiries in the private sector is the indication of a distinct slackening off in the tempo of development which is precisely against the national interest as Government intervention should be designed to encourage the private sector, not to destroy it".

Mr. Chairman: That is Mr. Scaife's report.

Shri Tulsidas: Yes

"There will be no competition from Jalahalli in the generally accepted sense of the word, as the principal market will be withheld from the private sector and the taxpayer will be called up to make up the deficit. To my mind, it is the most glaring case of commercial immorality I have met with in the whole of my experience and that this should be the deliberate policy of a Government which claims to be building up a self-sufficient economy is beyond my comprehension.

Here we have an Indian firm which from its own resources has built up in ten years one of the finest machine tool organisations I have known and which is making a product of first class quality equal to any possible requirement within its capacity and no sooner does it reach that state of excellence than the Government finances a project which is committed to destroy it".

That is how when Government take over a company, the private companies are automatically discriminated against.

[Shri Tulsidas]

There is another point stressed which, I hope, Government will take into consideration. He says:

> "I cannot imagine anything more unwise than for the Indian Government to enter the machine tool market competitively against the private industry in the cases where machine tools of the best world standards are already being made, and the consequences of doing so will have a permanent and degrading effect on the national economy".

That is one aspect of it. Then we have got the report of the Estimates Committee in which so much has been said about the working of Government undertakings. Of course, we are now trying to put our law in such a way that whatever possible loopholes there are in the management of private companies, whatever loopholes we visualise in respect of the management of these companies, will be plugged. Let us now hope that under this law all these abuses and loopholes will not be there. But side by side, we should also see that abuses and malpractices do not exist in the enterprises managed by Government. We must be assured completely that these powers, which are more or less blanket powers, which are taken to exempt any section of enterprises from the operation of this legislation will not come in the way of our getting the information we want, which the Members of this House and the people at large want. I personally feel—and I am sure most of the Members will also endorse my point of view—that just as in the case of a private company the shareholders have their own interest to safeguard, and apart from the shareholder's interest we have also to consider the public interest, here we are representatives of the people in this House and as such we represent the shareholders of the public enterprises, and we should be given all possible information in regard to these enterprises in the public sector. About two years ago, there was a debate on this matter and the House wanted a committee or some such body to be appointed by this House to go into the working of these enterprises. The Finance Minister felt at that time that it was not possible to constitute such a Committee, and that apart from that, we have got the Public Accounts Committee and Estimates Committee. But we pointed out at that time that the Government enterprises were, more or less, being put up as public corporations in respect of which it was not possible to get all the information. He therefore said at that stage that he would provide certain things in this company law legislation as a result of which a certain amount of safeguards would be there. We have got in this company legislation nothing of that nature for the companies in the public sector except the omnibus power in the hands of the Government to practically exempt them from almost all the clauses of the Bill. I have just now said why that makes the position much worse. If certain companies in the public sector are to be exempted in view of certain circumstances, there is no reason why they should be completely exempted. Let the companies in the public sector also have the same amount of scrutiny both in the hands of the shareholders—and the minority shareholders too—and by the public, just as we ensure in the case of the private sector.

Shri C. D. Deshmukh: If it is a company with 100 per cent holding of the Government?

Shri Tulsidas: You know very well that if it is a private company the Act provides what methods should be adopted. You have sections for the private company. It can function according to the provisions made therein. They do not require any exemption. If the private company is not required to put up a prospectus, if the government company is a private company it will not be required to put up a prospectus. There is no reason why we should exempt them from these clauses. Government companies may not have managing agencies; then automatically the provisions regarding managing agencies will not apply. Why exempt? Since the definition has been changed from 80 per cent tc 51 per cent it is absolutely necessary that almost all the clauses of the Bill must be made applicable. That is what I feel.

We have got the minutes in which was pointed out the basis on which these exemptions will be made. The Select Committee accepted the following principles:

> "So far as Government companies are concerned, it will be inappropriate to apply to them the clauses of the Bill imposing penalty in respect of failure to do certain things by directors, manager etc. But clauses prescribing routine things like supply of information to shareholders, filing returns, issuing prospectus etc. should be made applicable to them like any other company."

I do not like that principle. But when the list was given this principle was not adhered to so far as government companies are concerned..

Pandit Thakur Das Bhargava: Why exemption to these government companies?

Shri Tulsidas: I was opposed to it. It is on page 167 of the minutes. It is said that clauses prescribing routine things like supply of information etc. should be made applicable like to any other company. I did not agree to this. This means that practically nothing will be available to the House or to the public, when we say that clauses of the Bill imposing penalty in respect of failure to do certain things by directors etc. would not apply. After all, the managers and directors of these companies are equally responsible to the public as the managers and directors of companies in the private sector.

Shri C. D. Deshmukh: To the public or to the shareholders?

Shri Tulsidas: To the public. You are making this law in the interests of the public. Apart from the shareholders, the Government think that certain powers should be taken by them to have certain necessary things done. Most of the clauses embody such powers. Even if a special resolution with 75 per cent majority of the shareholders is passed, Government approval must be there. That automatically says that it must be in the public interests. That is the most important thing in this particular legislation. Government companies also must adhere to the same principle and Government companies must be given the same amount of rigidity. Why should it not be so? Then we will be able to see exactly how the Government factories or the public sector and the private sector function. Otherwise, if the Government companies are exempted from the operation of some of these clauses then we will not have the complete picture. They are in a much better position than the companies in the private sector. I do not understand why they should be allowed to have special consideration.

So far as Government contributes money, the entire public has an interest in such a contribution, and, therefore, irrespective of what they desire, they are made to pay for the project. On the other hand, so far as shares are held by others, this is the voluntary decision of the shareholders and they should have the same rights as shareholders of companies in the private sector. While the management of Government companies may take different forms, there is no reason for any differentiation of these concerns in other matters. They should give the fullest information in their prospectuses; they should keep their accounts and get them audited as per the provisions of the Bill, if not better. And shareholders should have the same rights as regards applications for investigation or against mismanagement and oppression as they have in the case of companies in the private sector. We have been arguing in this debate with regard to proportional representation. Government

[Shri Tulsidas]

must set a standard if that is going to be the basis in the future. Under clause 407, Government can force certain companies, in case some application by certain members is received by them, to adopt proportional representation. Now there is this 51 per cent shareholding and so Government should set an example first and show us how it works. Let us see how the proportional representation is applied in companies where there is 51 per cent holding of shares by Government.

Mr. Chairman: Your proposition is that proportional representation should be introduced uniformly.

Shri Tulsidas: Government should start them first and introduce them in the Government companies and show us how they work if they consider that the particular provisions should be applicable to or would be better for the companies in the private sector.

Shri C. D. Deshmukh: From what clause does that flow?

Shri Tulsidas: There is a question of discretion. A particular company can adopt proportional representation under clause 264. Having accepted that, under clause 407, if a certain number of shareholders applied to Government against misappropriation, mismanagement or oppression of the minorities, Government will have the right to enforce proportional representation on those companies, over and above the two directors that Government have the right to appoint. With regard to Government companies, there will be Government directors and there is no difficulty but when the definition is 51 per cent, as introduced now, and if the Government considers proportional representation to be in the best interests of the company, then let this first be started in those companies where Government has got 51 or 49 or 55 or 60 per cent.

Shri C. D. Deshmukh: Under clause 407?

Shri Tulsidas: Not under clause 407.

Shri C. D. Deshmukh: The hon. Member is talking of exemption: it is not anything else. If he is offering advice, we just listen to it respectfully but we are thinking of exemptions now. The first clause only gives voluntary application of the proportional representation. Government companies may or may not adopt it like any other companies unless it is intended to exempt them from that clause. The only other place where it appears is clause 407. Under clause 407 Government has to hold an enquiry on the application of the minority shareholders. The Government has then to come to the conclusion that it is oppressing the minorities. That is to say, the Finance Ministry comes to the conclusion that the Production Ministry is oppressing the minority shareholders. That is the first remedy. Then the Finance Ministry should appoint two more Government directors to the company and therefore increase the number of Government directors in that company. That is what this comes to.

Shri Tulsidas: That is not the point. I am sorry the Finance Minister has not understood the point. In that case, clause 264 must be made compulsory; it should apply compulsorily to the Government company.

Mr. Chairman: He wants Government to show the way.

Shri C. D. Deshmukh: That is not part of any amendment or clause: that it should be made compulsory.

Shri Tulsidas: I know. The point is very simple. I am sorry the Finance Minister is now taking a very completely technical stand. My point is this. Government had assumed such wide powers; one may even say blanket powers of exempting those companies from almost all the clauses. Let the Government not exempt any of these companies.

Shri C. D. Deshmukh: That point is understood.

Shri Tulsidas: I am now going further. Since we have got certain new principles in this Bill, certain reforms, I am now making a suggestion.

Shri C. D. Deshmukh: It is only a suggestion?

Shri Tulsidas: I say, this is the point. Government should set up a standard particularly in this respect or in other respects where new principles have been adopted.

Mr. Chairman: The hon. Member's time is up. He has taken half an hour.

Shri Tulsidas: There is still time.

Shri Kamath: He may be given a little more time.

Shri Tulsidas: There are still 3½ hours tomorrow. I am in your hands and if you ask me to sit down I will.

Mr. Chairman: If Shri Somani is bracketed with him, I have no objection.

Shri G. D. Somani: He may continue.

Shri Tulsidas: There are not many speakers and I am trying to put as many points as possible.

Mr. Chairman: Yes, private industry shall get maximum possible time.

Shri Tulsidas: Secondly, in many matters in which Government have been given power, Government will be both the applicant and the judge. In the case of Government company's applications, I would suggest that Government should refer them to the High Court or to the Advisory Commission and abide by their advice. From the list of amendments presented to the Joint Committee it is seen that there was a tendency to transfer powers to the Government—powers given to the High Court. In most of the cases in that list, wherever there was a question of reference to the High Court, most of them are to be transferred to the Government.

There again, it has become clear that the Government companies will have no access to the High Court. Thirdly under the present clause the Government will be enabled to give different exemptions to different Government companies, and no uniform principle will be adhered to. It will lead to selective suppression of facts and of powers of shareholders. This, again, I say, is not in the public interest.

I feel that in respect of this clause at least, a certain amount of safeguard must be made and, according to the amendment of Pandit Thakur Das Bhargava, if that is acceptable then I have no objection. Then let us have first the notification in this House and then give exemption. Let us not give a complete blanket power to the Government.

Shri C. D. Deshmukh: That is acceptable to me.

Shri Tulsidas: If so, I am quite happy about it.

Shri C. D. Deshmukh: Also, that it may be referred to the Advisory Commission; because, our intentions are so pure.

Shri Tulsidas: Thank you. Then I only want to say something about this clause 630. In my minute of dissent I have said:

> "This clause empowers the Central Government to delegate some powers exercisable under the Act by the Central Government to an authority or officer and subject to conditions to be laid down by notification. The Central Government is not allowed to delegate other powers similarly."

Sir, I am also a member of the Subordinate Legislation Committee, a committee of this House. We have found there that these delegated powers are given to authorities who are not really capable of handling the situation. In this legislation there is any amount of clauses which will naturally require the Government to delegate the powers to some other authority. Now, I am suggesting, as I have suggested in the minute of dissent that this power should only be given to such authorities as will really be able to exercise that properly, otherwise these delegated powers will mean nothing. My own personal feeling is that, even in the present Act there was power in

[Shri Tulsidas]

the hands of the administration and a number of abuses could have been stopped if it had properly been exercised. Now. again, under the present legislation whatever powers have been assumed by the Government, if they have to be delegated, they must be delegated to proper authorities so that they may be properly exercised. Otherwise, the power may be there in the hands of the Government and it may not be exercised, and we will have to come back again in this House to say that even this Bill has not been able to fulfil the objective and so we may again further strengthen the powers. Therefore, my point is that, unless the powers which are taken by the Government are properly exercised and delegated to such authorities as are capable of exercising them in a manner that would be in the best interests of the country as a whole, even this Bill will fail to achieve our aim. That is all I have to say.

Mr. Chairman: There is one thing which I want to make clear. A few minutes ago it was understood that the Finance Minister will circulate a list of clauses that he proposes to be exempted.

Shri C. D. Deshmukh: It was a draft proposal before the Joint Committee.

Mr. Chairman: The impression created was that it will be circulated to Members. Now, it has been made clear that the very same thing is in Appendix XIV—that is page 212 onwards of Volume II of the Report of the Joint Committee on Companies Bill. So, nothing will be circulated in this respect.

The next thing is I will just now announce the amendments that have been selected to these clauses 610 to 649 and which will be treated as moved. The amendments will be circulated to all the Members tonight. The following are the amendments to clauses 610 to 649 of the Companies Bill which the hon. Members have intimated to be moved subject to their being otherwise admissible.

Clause No.	Amendments Nos.
611	109, 1026, 1158, 1163, 1164.
613	1067(Govt), 243, 1068(Govt.), 1069(Govt) 244, 1150, 1151, 1155, 1159.
613A (New)	1165
614	1070(Govt), 114. 1156, 1166, 1167.
615	1168, 1169.
619	887, 1144.
622	88.
623	89.
624	90.
630	1071(Govt), 1072(Govt). 1073(Govt). 1074(Govt).
631	1157.
631A & 631B (New)	1075(Govt).
632	1160.
633	1076(Govt).
634	1161.
635	1077(Govt).
635A (New)	1162.

Clause 611—(*Definitions of "Government Company"*)

Shri T. S. A. Chettiar: I beg to move:

Page 285—

for clause 611, *substitute*:

"611. *Definition of Government Company*.—Government Company means—

(a) any company to which the Central Government, or a State Government or Governments or a Government Corporation, either alone or in combination with others mentioned above, have contributed finance in the shape of share capital, debenture capital or loans and advances of an aggregate value exceeding 50 per cent of the total of the paid up share capital and debenture capital of the company; and

(b) any subsidiary of a Government company or institution.

Explanation.—For the purpose of this section, a Government Corporation shall mean any body corporate established by an Act of the Central or State Legislature."

Shri Tulsidas: I beg to move:

Page 285, line 14—

for "fifty-one per cent." *substitute* "eighty per cent."

Shri Kamath: I beg to move:

Page 285—

for clause 61, *substitute*:

"611. 'Government company' means any company—

(a) not less than half of whose subscribed share capital is held by the Government, or

(b) to which the Government has made advances exceeding half the total amount of the loans taken by the company:

Provided that sub-clause (b) above shall not apply where the total loan amount is less than one-fourth of such subscribed capital.

Explanation.—Government means the Central Government, State Govment or both together or any Government company."

Shri K. K. Basu: I beg to move.

(1) Page 285, line 14—

for "fifty-one per cent" *substitute* "thirty per cent".

(2) Page 285, line 17—

add at the end:

"or in which the Government is a guarantor for any loan or rate of interest."

Clause 613—(*Application of sections etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 285—

after line 24, *add*:

"(1A) The auditor of a Government company shall be appointed or reappointed by the Central Government after consultation with the Comptroller and Auditor-General of India."

Shri K. C. Sodhia: I beg to move:

Page 285, line 28—

after "shall be" *insert* "compiled and"

Shri C. D. Deshmukh: I beg to move:

(1) Page 285, line 33—

for "such persons", *substitute* "such person or persons."

(2) Page 285, line 34—

add at the end:

"and for the purposes of such audit, to require information or additional information to be furnished to any person or persons so authorised, on such matters, and in such form, as the Comptroller and Auditor-General may, by general or special order, direct."

Shri K. C. Sodhia: I beg to move:

Page 285—*after* line 41 *add*:

"(5) The auditor's report together with the comments of the Comptroller and Auditor-General shall be placed before Parliament".

Shri K. K. Basu: I beg to move:

(1) That in the amendment proposed by Shri C. D. Deshmukh, printed as No. 1067—

for "after consultation with" *substitute* "on the advice of"

(2) Page 285—

after line 41 *add*:

"(5) The annual report, the balance-sheet, the Auditor's report along with the comments of the Auditor General shall be submitted to the Parliament.

(6) The annual budget and the progress report of the previous year of all Government Companies shall be sumbitted to the Parliament".

Dr. Krishnaswami: I beg to move:

Page 285, line 31, *add* at the end:

"being instructions which shall conform with the best commercial standards."

Shri Kamath: I beg to move:

Page 285, *for* clause 613 *substitute*:

"613. (1) Without prejudice to the provisions of sections 223 to 232 it shall be lawful for the Central Government to authorise an independent audit of Government companies by persons to be specified by notification in the official Gazette.

(2) Copies of the reports of such persons shall be placed before the annual general meetings of the companies concerned and shall also be periodically laid before Parliament by the Central Government."

New Clause 613A

Shri K. K. Basu: I beg to move:

Page 285—

after line 41 *insert*:

"613*A*. *Government companies to have twenty-five per cent directors from amongst the employees*:—In the case of a Government company twenty-five per cent of the total number of directorships or two, whichever number is greater, shall be elected from amongst the employees of the company in the manner prescribed by the Central Government.".

Clause 614—(*Power to modify etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 285, line 45—

for "sections 612 and 613" *substitute* "section 612, 613 and 631A."

Shri T. S. A. Chettiar: I beg to move:

Page 286—

after line 3, *insert*:

"Provided that before doing so, the Government shall consult the Advisory Commission constituted under section 409 of this Act."

Dr. Krishnaswami: I beg to move:

Page 286—

after line 6, *add*:

"(3) No such notification shall be issued unless a resolution containing the purport of the proposed notification has been moved and adopted by both Houses of Parliament."

Shri K. K. Basu: I beg to move:

Page 285, line 45—

after "613" *insert* "and 613A".

Pandit Thakur Das Bhargava: I beg to move:

Page 286—

after line 3, *add*:

"Provided that no such notification shall be issued unless the subject matter of the notifications have been referred to the Advisory Commission and the Government have considered that advice of the Advisory Commission."

Clause 615—(*Offences against Act etc.*)

Shri K. K. Basu: I beg to move:

(1) Page 286, line 15—

after "company" *insert*:

"or the application of the registered union where there is any"

(2) Page 286, line 16—

add at the end:

"*suo motu* or on the application of not less than 50 employees".

Clause 619—(*Payment of compensation etc.*)

Pandit Thakur Das Bhargava: I beg to move:

(1) Page 287, line 7—

for "frivolous or vexatious" *substitute* "false and frivolous or vexatious"

(2) Page 287, line 7—

for "was frivolous or vexatious" *substitute* "was false and either frivolous or vexatious"

Clause 622—(*Penalty for false statements*).

Shri Rane: I beg to move:

Page 288, line 28—

after "person" *insert* "dishonestly".

Clause 623—(*Penalty for false evidence*)

Shri Rane: I beg to move:

Page 288, line 35—

for "intentionally" *substitute* "dishonestly"

Clause 624—(*Penalty for wrongful withholding etc.*)

Shri Rane: I beg to move:

Page 289, line 6—

after "thereof" *insert* "or of a person authorised by the Central Government in that behalf"

Clause 630—(*Delegation by Central Government etc.*)

Shri C. D. Deshmukh: I beg to move:

(1) Page 290, line 23—

omit "225".

(2) Page 290, line 24—

after "268" *insert* "278(2)"

(3) Page 290, line 25—

after "345" *insert* "346(2)"

(4) Page 290—

For line 26, *substitute*:

"409, 410(b), 446, 604, 608, 614, 631, 632 and 633."

Clause 631—(*Annual report etc.*)

Dr. Krishnaswami: I beg to move:

Page 290—

for clause 631, *substitute*:

"631. *Annual report on working of Act and Review Commission.*—(1) The Central Government shall cause a general report on the working and administration of this Act to be prepared annually.

(2) For the purpose of reviewing the working and administration as disclosed in the annual report prepared under sub-section (1) the Central Government shall—

(a) constitute a reviewing Commission consisting of not more than five members with suitable qualifications of whom at least one shall be a Chartered Accountant of ten years experience,

(b) appoint one of these persons to be Chairman of the Commission.

(3) It shal be the duty of the reviewing Commission to review—

(a) the working and administration of the Act as disclosed in the report, and

(b) to submit its report with its recommendations to the Central Government within three months from the receipt of the report of Central Government.

(4) The Central Government shall cause the General Annual Report prepared under sub-section (1) and the report of the reviewing commission submitted under sub-section (3) to be laid before both Houses of Parliament within one year of the close of the year to which the annual report relates."

New Clauses 631A and 631B.

Shri C. D. Deshmukh: I beg to move:

Page 290—

after line 35, *add*:

"*Annual reports on Government Companies*

631A. *Annual reports on Government companies to be placed before Parliament etc.*—(1) In addition to the general annual report referred to in section 631, the

[Shri C. D. Deshmukh]

Central Government shall cause an annual report on the working and affairs of each Government company to be prepared and laid before both Houses of Parliament, together with a copy of the audit report and any comments upon, or supplement to, the audit report, made by the Comptroller and Auditor-General of India.

(2) Where any State Government is a member of a Government company, the annual report on the working and affairs of the company the audit report, and the comments upon or supplement to the audit report referred to in sub-section (1), shall be placed by the State Government before the State Legislature or where the State Legislature has two Houses, before both Houses of that Legislature.

631B. *Validation of registration of firms members of charitable and other companies.*—Any firm which stood registered at the commencement of this Act, as a member of any association or company licensed under section 26 of the Indian Companies Act, 1913 (VII of 1913) shall be deemed to have been validly so registered with effect on and from the date of its registration."

Clause 632— (*Power to alter etc.*)

Shri Kamath: I beg to move:

Page 290—

(i) lines 38 and 39, *omit* "by notification in the Official Gazette"; and

(ii) line 41, *add* at the end:

"by publishing the alterations in the Official Gazette"

Clause 633— (*Power of Central Government etc.*)

Shri C. D. Deshmukh: I beg to move:

Page 291, lines 18 and 19—

for "each House of Parliament" *substitute* "both Houses of Parliament".

Clause 634— (*Power of Supreme Court etc.*)

Shri Kamath: I beg to move:

Page 292,—

after line 22, *add*:

"(4) The provisions of sub-sections (1) to (3) shall not apply to the Calcutta, Madras and Bombay High Courts."

Clause 635— (*Repeal of Acts etc.*)

Shri C. D. Deshmukh: I beg to move.

Page 292, lines 26 and 27—

omit "to the extent specified in the fourth column."

New Clause 635A

Shri Kamath: I beg to move:

Page 292—

after line 27, *insert*:

"635A. Nothing in this Act shall effect the provisions of any special law relating to any particular types of companies, and compliance with such law by companies governed by it shall be deemed to be compliance with the provisions of this Act."

Mr. Chairman: All those amendments are now before the House for discussion.

An Hon. Member: Is there quorum?

Dr. Krishnaswami: I think there is quorum. I am glad the Finance Minister is present this evening to listen to the discussion of the important clauses pertaining to government companies.

Shri A. M. Thomas: His absence is only exceptional.

Dr. Krishnaswami: I did not intend it as a reflection on him. I only stated that I was glad that he is present here this evening because the views that some of us intend expressing on these nationalised companies would be of some value and we would like to have his reflections on the suggestions that we are making.

Shri C. D. Deshmukh: Even when I am not present I take the pains to acquaint myself with what the hon. Members have said, as might have been judged by the replies that have been given so far.

Dr. Krishnaswami: I did not mean it as a reflection on the Finance Minister. In the absence of the Finance Minister, there is a managing agency...

Shri A. M. Thomas: Only in the presence of the Finance Minister he will have the necessary inspiration.

Dr. Krishnaswami: In the absence of the Finance Minister there is a managing agency which is in charge of the Companies Bill even as there are managing agents who are in charge of industries; it is only to that managing agency that I can possibly appeal. We have a peculiar interest displayed by five hon. Members who might appropriately deserve the appelation of managing agents for promoting the Companies Bill and in the absence of the Finance Minister our appeals are addressed to them.

I would like to deal straightway with the clauses which concern nationalised companies they are of great importance.

Mr. Chairman: The hon. Finance Minister himself is present in the House most of the time.

Dr. Krishnaswami: I did not intend it as a reflection at all.

Shri C. D. Deshmukh: It is not a reflection. It is a dig at the alleged managing agent.

Shri A. M. Thomas: He invites interruptions today.

Dr. Krishnaswami: I would like to deal with clauses 611, 612, 613, 614 and 631. I now take up the definition of a government company. I must point out that we have a definition of government companies which is different from what was given in the original Bill. You will recollect that in the original Bill, we had defined a Government owned Company as one which had 80 per cent of the share capital. The Joint Committee, in its wisdom reduced it to 51 per cent and by so doing has changed the Complexion of a government owned company; they had altered the nature and the composition of these companies they have granted exemptions from the provisions of the company law to which one would have to take serious exception.

What meets the eye is that these Government companies are placed on a special footing? Do we wish to practise a double standard of morality in our administration of company law?

Unless there are certain definite considerations of over-riding public interest, it would not be fair to exempt government companies from any of the provisions of the Companies Act. My hon. friend who proceeded me referred to the fact of certain companies being fully owned by the Government. The Finance Minister pointed out in one of his brief interruptions that the Government which had 100 per cent share Capital did not face any problem of minorities. I quite agree there is no minority when the Government owns 100 per cent of the shares, and therefore, there is no question of invoking those provisions relating unjust treatment of minorities. Then, why provide for any exemption at all in these cases? The whole thing is not applicable and therefore, one need not trouble about applying for any exemption.

In this connection, I should like to refer to the use of the limited liability company as a method of promoting investment by the public sector in the United Kingdom.

Sir, in the United Kingdom, the Government have exploited the device of a corporation, limited liability companies and to a limited extent public trusts for promoting certain social objectives. In this connection, it may be pointed out that these limited companies retain outwardly most of the characteristics of ordinary companies. There was no need for providing specifically exemptions in the companies Act. May I, with the permission of the House, read

[Dr. Krishnaswami]

a brief extract from Chester's *Nationalised Industries* on the scope of a limited company in the United Kingdom in the public sector? Chester points out:

> "These companies retain most of the outward characteristics which they would have in the hands of private shareholders—their name includes the compulsory word "Limited," they have Memoranda and Articles of Association, registered offices, etc., and, except in so far as they are exempted by the nationalising Act, they have to conform to the provisions of the Companies Act, 1948 as to the holding of meetings, form of accounts, etc. and are subject in all these matters to the jurisdiction of the Board of Trade or the Registrar of Joint Stock Companies."

Then follows the important observation.

> "The outward signs are, however, misleading for there is in affect only one shareholder, the Government in the case of Cable and Wireless Ltd., and the Iron and Steel Corporation of Great Britain in the case of the publicly owned iron and steel companies. The Directors are not, as is often the case, large shareholders with a financial stake in the business, but a group dependent on the voice of one shareholder."

Therefore, it is suggested that there is no need to have a shareholders' meeting to elect directors once a year or once in three years. What I would like to point out to my hon. friends is that where the Government has 100 per cent. control over the shares, many provisions of the Bill would be inapplicable, but there is no necessity for having any exemption devised, for the purpose of keeping them out of the purview of the company law.

Shri C. D. Deshmukh: Where is the question of election of directors in 100 per cent. Government companies?

Dr. Krishnaswami: That is why he has said that it is inapplicable and it has been provided by the nationalising Act that....

Shri C. D. Deshmukh: How will you apply that to a company in which 100 per cent of the shares are held by Government?

Dr. Krishnaswami: In oredr to obtain exemption, provision is made in the nationalising Act. Provision is made to exempt only a particular company from certain rules and regulations of the Companies Act which......

Shri C. D. Deshmukh: Which establishes a case for exempting Government companies of a certain kind from certain sections.

Dr. Krishnaswami: Certainly.

Shri C. D. Deshmukh: So, it is only the question of the method of achieving it.

Dr. Krishnaswami: Yes, the method of achieving this objective is important. The point is this; If we give a blanket power to Government to exempt their companies, it would stand on a different footing from our considering certain specific provisions and then exempting them, by a special Act. Parliament has two objectives in view. Firstly, it insists that the Company Law should be applied to every company, irrespective of whether it is a Government company or a private company. Secondly, it does not want these laws to be applied in such a manner as to make companies unworkable. Reconciling these two considerations, the nationalising Act has specified the reasons for the Cable and Wireless Ltd. being exempted from the provision relating to an annual meeting of shareholders. I believe if my hon. friend cares to consult the debates of the House of Commons on the nationalisation of Cable and Wireless Ltd. he would find that Government had to justify this exemption. A great deal of thought went into the whole matter as to how far such companies should be exempted. Care was taken to prevent their becoming a privileged body. Indeed some Members of the House of Commons were extremely reluctant to exempt them even to extent demanded. But eventually they came round to the view that this company had to be given exemptions in respect of a few provisions because the company was in essence something different The Joint Committee has made an entirely different approach to this question. Companies where 80 per cent of the shares are held by Government stand on a different footing. In the Bill as originally drafted....

6 P.M.

Mr. Chairman: The hon. Member may continue tomorrow.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, the 9th September, 1955.